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Daily Report
Annex

East Asia

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East Asia
ANNEX

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Japan

MITI Seeks Revised U.S. Semiconductor Figures

OW1607063092 Tokyo NIHON KEIZAI SHIMBUN in Japanese 16 Jul 92 Morning Edition—FOR OFFICIAL USE ONLY

[Received via Nikkei Telecom data base]

[Text] In connection with the share of foreign semiconductors in the Japanese market, a focal issue in Japan-U.S. economic frictions, the Ministry of International Trade and Industry [MITI] decided on 15 July to ask the U.S. Government to include the IBM Group's products in its market share calculations, which are presently not covered by such calculations. With this move, it is believed that the 14.6 percent share of the semiconductor market calculated under the U.S. method will be increased by 1.5 to two points. This measure is being taken in conjunction with the beginning of external sales of IBM semiconductors. The U.S. Semiconductor Industry Association (SIA) has also agreed to revise its calculation methods. This, plus the expected increase in future procurements, will push the market share close to the 20 percent mark demanded by the United States by the end of this year. Between the two calculation methods stipulated by the Japan-U.S. Semiconductor Agreement, the U.S. method does not include the IBM products because the company does not engage in external sales.

MITI says that "as soon as the start of external sales of semiconductor products by IBM is confirmed, we will enter into negotiations with the U.S. Government." It intends to include IBM Japan's procurement from the IBM Group when the next round of calculations is made in September. The SIA representative in Japan, Texas Instruments director N. Neureiter, estimates that the "market share may increase 1.5 to two points.

Japan has also announced the results of calculations under the Japanese method, which includes all manufacturers engaged in external sales, for the January to March period, showing the market share to be 16.6 percent.

* DPRK Strategy for Tumen Trade Zone Viewed

922C0158A Tokyo EKONOMISUTO in Japanese 2 Jun 92 pp 86-89—FOR OFFICIAL USE ONLY

[Report by Kang Yong-chi, editorial chief of monthly journal EAST ASIA REVIEW: "North Korea Stakes Its Development Strategy on the Tumen River Development—Prudent Japan and the Conspicuously Positive ROK"]

[Text] The DPRK (North Korea) is said to have embarked on the Tumen River development at the risk of its life. What expectations do the ROK and Japan have for involvement? The following is the report of the writer who made a field trip to the actual locale:

Realization Is No Mere Dream

I got the chance to visit the DPRK (North Korea) for the first time in order to cover the "Pyongyang International Conference" (3 and 4 May) held to discuss at a private level a plan for the economic development of a basin at the mouth of the Tumen River (Chinese name: Tumenjiang) [Korean name: Tuman-kang] which flows along a border zone the country shares with China and Russia.

In Japan, some people give the highest praise to North Korea, calling it "a paradise on earth," while others condemn it as "a republic on the frozen land." Their appraisals are thus diametrically opposite to each other. Which would be the right view? This had been my long-pending question; therefore, I harbored expectations that I would be able to have some answer to this question during the recent visit to North Korea. To this end, I strived to get rid of preconceived notions as much as possible and observe things with an unbiased eye.

However, it was absolutely impossible to grasp North Korea's real economic situation and the way its people lived in that extremely short period of time—a six-night and seven-day stay including the conference in the capital city of Pyongyang and a local inspection tour—and with a limited sphere of action. However, one thing I can say is that it is inappropriate to call the country "a paradise on earth" or "a republic on the frozen land" in an extreme appraisal.

For example, I popped in the stores in front of the Pyongyang Railway Station and found that the numbers or quantities of commodities were very small. The rural scenery seen from a train window revealed considerably needy circumstances, compared with developed Pyongyang, thereby indicating a large gap between cities and local areas. I could thus guess to some extent the economic stagnation of North Korea. On the other hand, not only in Pyongyang but also in local cities, I saw people on the streets wearing simple but colorful clothes and unexpectedly bright and lively facial expressions. At least, they did not appear to be crushed by the pressure of "revolutionary ideology" or "compulsory labor."

After all, it is, right or wrong, "the country of Kim Il-song." I realized that it was impossible to understand this unique socialist country, North Korea, only through superficial impressions gained in a mere single visit.

Prior to the conference, together with about 100 members of the delegations from five countries, which were China, Russia, the ROK, Japan, and the United States, I joined in an on-site observation trip to the Sonbong-Najin district in the northeasternmost part of the country which the North Korean Government designated as a "free economic and trade zone" in December last year. We also visited Chongjin Harbor which was appointed as a free trade port.

Mr. Yi Myong-kun, a responsible director in the State Construction Committee, who accompanied us on the observation tour, gave us a briefing on a slightly elevated

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hill called Uam, looking down at the Sonbong Harbor vicinity. In his explanations, he spelled out spectacular future prospects with fervor, saying that the district of Najin and Sonbong was located at the center of the Northeast Asian region which contained such countries as China, Russia, Mongolia, and Japan and that when the district was developed as a free economic and trade zone, it would not only promote economic exchanges among Northeast Asian countries, but also assume the role of a pivotal base linking Asia and Europe.

The "small triangular area" connecting North Korea's Sonbong-Najin district, Russia's Posyet, and China's Hunchun and the "large triangular area" connecting Chongjin, Vladivostok, and Yanji are already drawing great attention internationally because of a plan for the three countries to jointly develop the areas with $30 billion investments in 20 years under the supervision of the United Nations Development Program (UNDP). Nevertheless, many tend to doubt the plan's actual feasibility from the angle of adjustment of development plans among the three countries and the procurement of funds.

However, when I actually set food on the North Korean free economic and trade zone, received explanations by North Korea's business-level officials about the development plan, and heard reports by delegations from China, Russia, the ROK, and Japan at the conference, I got the feeling that practical moves for the development of this North Korean zone would begin before long. I stood on the "Friendship Bridge" built across the still chilly Tumen River on the North Korean-Russian border. Seeing just in front of me the Russian town of Khasan with Russian-style buildings and then a watchtower of China, and farther Fangchuan, I thought that it was no longer a dream to build in this still unexploited zone of the world, the foremost trade base and largest physical distribution center, planned to expedite multilateral economic exchanges among countries in Northeast Asia and their economic development.

UNDP Is Positive

The following factors can be cited as reasons for the actual feasibility of developing the mouth of the Tumen River, particularly, the North Korean free economic and trade zone: first, the presence of good natural harbors such as Najin and Chongjin, which are nonfreezing in the winter, and the existence of the raw material supply base and the heavy chemical industry in the background; second, the backup of the UNDP; third, the North Korean Government authority's position of intending to pursue the open-door economic policy on a full scale; and fourth, the active participation by the ROK side. Of course, there are certainly many difficulties and tasks to be resolved in connection with these factors.

First, plans were presented to sharply expand the present cargo-handling capacities in Najin and Chongjin Harbors; however, it was conspicuously noticed that export-import items such as coal, iron ore, potassic fertilizer, and lumbers stored outdoors in the port and grains in warehouses were scarce and that the entire harbors lacked liveliness. Each harbor is playing the role of a transit port in transporting raw materials and grains from China and the former Soviet Union to Japan and Southeast Asia, but I could see the two harbors directly reflecting a decrease in the trade with China and Russia. It seems that their rates of operation have now fallen to the 40-50 percent level. The North Korean Government has presented gradual port expansion plans, but it faces more urgent tasks such as increasing operational rates of existing facilities and renewing, improving, and modernizing equipment which have now been outdated. After fulfilling such tasks, then it will need to carry out large-scale infrastructural improvement involving roads, railways, communications, and the generation of electricity in order to cope with the increase in transiting cargos.

However, this requires huge funds and advanced technology. In the conference, North Korea disclosed to its nation and the world for the first time that it will invest funds amounting to $4.2 billion in the improvement of the substructure (economic foundation) of the Najin-Sonbong free economic and trade zone. However, in view of its actual difficult economic conditions, the country will find it hard to provide that much huge cost with its domestic funds alone. The North Korean Government recently expressed the desire to become a member of the Asian Development Bank (ADB), and this clearly indicates its design to induce funds from international banking institutions and governments and private enterprises of various countries to augment its short funding capability.

In this context, the role of the UNDP becomes important. The UNDP is conducting adjustments among Russia, China, and North Korea under the principle of their joint development and common benefits. However, Russia is not quite active in its position because it has only been a short time since it introduced the market economy, and also because it is troubled with economic confusion. On the other hand, China insists on a Tumen River dredging plan whose implementation is impractical. Therefore, the UNDP admits the advantage of North Korea's plan to develop the free economic and trade zone in view of economization expected through the effective use of natural and geographical conditions and existing facilities. The preferential supply of foreign funds to North Korea through the good offices of the UNDP will undoubtedly provide a powerful leverage in the development of the zone.

However, Russia is hung up on development centered on Vladivostok which has just become an open port, while residents in the vicinity of the Tumen River attach much importance to the question of their environmental disruption. In addition, to fulfill its cherished desire to find a exit to the East Sea [officially the Sea of Japan] China sticks to its plan to build a new port in Fangchuan, a border point 15 km upstream from the mouth of the Tumen River, and to dredge the Rumen River itself in order to transport cargos from the new port. Russia recognizes China's right to navigate the Tumen River, but the recent conference revealed that North Korea had not yet recognized it. China and Russia are thus reluctant to accept the preferential use of Najin and Chongjin Harbors in North Korea, and there are fairly serious conflicts of nationalism among them. Therefore, the adjustment of interests among them is likely to require quite a long time, and grave frictions may easily be touched off if things are handled poorly. In his adjustment plan, Mr. A. (Holm), advisor to the UNDP, proposes a joint venture between China and North Korea to build a new port on the East Sea and use them jointly. On this score, hopes are pinned on the UNDP's adjustment capability.

Toward "Limited Open-Door Policy"

North Korea has stepped into the full-scale economic open-door policy by setting up a free economic and trade zone, that is, a version of China's "special economic zone." This is evinced by its ambitious announcement that it will wind up its legal modification within this year to assure participating enterprises of preferential measures such as the reduction and remission of tariffs and income taxes in order to accept investments from various countries. What is more, the announcement has revealed that foreign enterprises will enjoy more favorable conditions than in special economic zones of other countries such as cheaper port dues and land rentals and lower income and home remittance tax rates. This is because North Korea knows well that the Asia-Pacific region is now jammed with attractive places to invest in and that, otherwise, Japanese and other Western enterprises will not make investments in North Korea. However, Japan's ODA [Official Development Assistance] funds and investments by its private enterprises, which North Korea is most anxious to obtain, will be available after diplomatic relations are normalized between Japan and North Korea.

In the past, North Korea appraised the "special economic zone" negatively. It kept denouncing the ROK's former Masan free export zone, etc. bitterly, saying that they were "new colonial settlements." In this connection, when asked if these recent measures did not contradict the past contentions, Kim Tal-hyon, vice premier and concurrently chairman of the External Economic Affairs Committee who is the highest business-level leader of the open-door policy, frankly admitted that North Korea was faced with economic difficulties on account of its loss of socialist markets through the collapse of the Soviet Union and the East European bloc. He then replied with confidence that North Korea aimed to strengthen economic relations with the West in order to find a way out of the difficult situation and that this was a wise and realistic response and did not contradict its "independent national economic line."

Nevertheless, this clearly represents a policy change. It can be gathered from his remarks that in a change of perception, the North Korean Government is admitting the efficiency of a priority-to-export-typified-by-the-full-use-of-foreign-capital formula, which has been generalized in the NIES [Newly Industrialized Economies], ASEAN countries, and China, and is contributing greatly to their economic growth. In his conversation with me, Dr. Pak Tong-kun, a department director of the North Korean Trade and Economy Research Institute, said that the "special economic zone" and the "bonded processing zone" were not necessarily the kind of special phenomena which brought about subjugation of the economy of developing countries by "imperialist capital." That is, North Korea has now come to perceive that the adoption of a formula which calls for production through the full use of foreign capital and for export of 100 percent-manufactured goods will contribute greatly to invigorating the domestic economy by eliminating its serious foreign capital crisis, expanding employment, and enhancing its technical standards.

Yet in this North Korean case, such a move is limited to its free economic and trade zone. Unlike China, North Korea does not intend to turn the entire gamut of society into the market economy, although both of them are equally socialist. On this score, its policy is utterly different from the "reform and open-door policy line" of the Chinese type. North Korea contrarily intends to consolidate the existing socialist economic construction by installing the "special economic zone." In addition, drawing a lesson from the collapse of the Soviet and East European socialism and the Tiananmen incident in China, it is further stepping up ideological education in order to thoroughly preclude minus effects of the "open-door policy" on its socialist dictatorial system.

However, despite such a strict "limited open-door policy," it will be difficult for North Korea to maintain the ideology-is-all-in-all stiff political and economic system it has had thus far any longer, and a gradual revision of the system seems unavoidable.

As long as it at least wants to join the ADB and attract Western private enterprises, North Korea will unavoidably have to announce its basic economic data without fail, including its GNP, trade, and foreign debts which it did not disclose in the recent conference as well. Moreover, the fostering of economic technocrats and managerial leaders acquainted with the Western enterprises' managerial know-how, is indispensable to the operation of joint-venture firms, and there can be conflicts with the "principle of giving priority to the political and ideological work." In addition, it will be difficult to stem the inflow of information from Western nations incidental to the inducement of foreign capital. This may result in a change in the people's consciousness formed thus far through "pure culture." In the face of a grave political turning point featured by the transfer of power from President Kim Il-song to his son Secretary Kim Chong-il, it may be said that whether the venture of the special economic zone on the basin of the Tumen river will prove successful or not holds the key to the continued existence of the country's establishment.

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Investments From ROK Also Welcome

Last, it deserves special mention that as many as 18 people attended the recent meeting from the ROK side, including the chief of the Economic Planning Board's Northern Economic Division, researchers at influential government-affiliated think tanks such as the Korean Development Institute (KDI) and the Korean Institute of External Policies (KIEP), experts on the infrastructural domain, and college professors. This indicates how deeply the ROK is interested in the project to develop the basin at the mouth of the Tumen River. On an informal occasion, KIEP Director Yu Chang-hui, who acted in the capacity of the delegation head, referred to practicability of North Korea's plan to effectively use and expand existing facilities, while pointing out unreality and environmental disruption of the [China-proposed] project to dredge the Tumen River itself. At the conference as well, he stressed that the Tumen River joint development plan should not remain a mere idea but be implemented without fail, and to this end he made a constructive proposal that a center be set up to coordinate views of experts in various countries concerned, and to work for the exchange of information among them. In addition, Sogang University Professor Kim Tok-chung emphasized the significance of active participation by small and medium enterprises of the ROK with a view to fully using North Korea's labor force which was cheap and of good quality. He then said that by so doing, they could easily contribute to the development of the light industry and export industries in North Korea. His remarks directly reflected the enthusiasm of the ROK side.

Participation by Japanese private enterprises appears to be an essential condition in order for the free economic and trade zone to not only expand its functions as a transit port but to also develop into a large production base, further into a general industrial and commercial city like China's Shenzhen. However, for the time being, Japan's financial circles, except some enterprises on the coasts of the Sea of Japan, still keep maintaining a prudent position like "unconcerned spectators." With this in mind, Vice Premier Kim Tal-hyon expressed the view that before anything else, investments by the enterprises of the ROK, the same nation, would be welcome by the utmost priority. His remark represented a complete change from the past uncertain position that "ROK enterprises, too, can participate." It was an utterance made after deep deliberation with the expectation that the ROK's active support and participation would become the very stimulant to the inducement of capital from Japan and the West.

Note: Kang Yong-chi, editorial chief of monthly journal EAST ASIA REVIEW; born in 1947; graduated in economics from Osaka City University; worked as a newspaper reporter and assigned to the present post after serving as editorial chief of monthly journal ASIA; author of a book entitled, *The Reorganization of East Asia and the ROK Economy.*

Emperor's PRC Visit Tentatively Set for Oct

OW1507145992 Tokyo YOMIURI SHIMBUN in Japanese 15 Jul 92 Monring Edition p 1—FOR OFFICIAL USE ONLY

[Text] With the government planning to make a formal decision on a visit to China by the emperor and empress after the upper house elections, it was learned on 14 July there is a growing view within the government that they should visit China for four or five days from 22 to 27 October. As a result of prior coordination between Japan and China, the two countries have firmed up a plan to set their visit to China in late October since the emperor is scheduled to attend the national athletic meeting in Yamagata Prefecture in early October, and the CPC is set to hold its congress in early October. A tour of Beijing, Xian, and Shanghai is planned.

Addressing a meeting held under the auspices of the Japan Newspaper Association on 16 June, Prime Minister Miyazawa expressed strong enthusiasm for bringing about a visit to China. However, according to a source at the Prime Minister's Official Residence, the prime minister believes that "if their visit to China becomes a topic, the topic could develop into debate, and thus it is necessary to prevent their visit to China from becoming a topic." In this way the prime minister intends not to make their visit to China a topic before the upper house elections are held. However, the prime minister does plan to make a formal decision on their visit in early August following the upper house elections.

With respect to their visit to China, some legislators within the ruling Liberal Democratic Party [LDP] at first voiced objection. However, LDP leaders—including former Prime Minister Nakasone and senior legislators—are now supporting the visit. Japanese Ambassador to China Hiroshi Hashimoto temporarily returned home to persuade some LDP legislators opposing the visit to China. The results of recent public opinion polls show that many Japanese favor the visit to China. In this way, the way is being paved for the visit.

Tokyo has coordinated with the Chinese Government on a visit by the emperor and empress to China after concluding that "if they do not visit China this year—which falls on the 20th anniversary of the establishment of diplomatic relations between the two countries—there will be no chance for them to visit China for the time being, and it would sour relations with China which has repeatedly invited them to visit."

As imperial events at home, the emperor and empress will attend the national athletic meeting to be held in Yamagata Prefecture from 3 to 7 October. The empress will mark her birthday on 20 October. They will also attend the "Conference on Creating Affluent Sea" to be held in Chiba Prefecture from 7 to 11 October. With regard to the coordination of a final schedule, the Japanese Government plans to coordinate with the Chinese Government the schedule after Prime Minister Miyazawa makes a formal decision. According a Foreign

Ministry source, their visit to China may delay to late October and early November depending on the timetable for the CPC congress.

Industrialists Discuss Economic Coexistence

OW1507112192 Tokyo GAIKO FORUM in Japanese Jun 92 pp 12-25—FOR OFFICIAL USE ONLY

[Panel discussion by Tsuyoshi Takagi, secretary general, Japan Federation of Textile, Garment, Chemical, Mercantile, and Allied Industry Workers' Union; Masamichi Hanabusa, director general for public information and cultural affairs, Minister's Secretariat, Ministry of Foreign Affairs; and Masaya Miyoshi, secretary general, Japan Federation of Economic Organizations (Keidanren), moderated by GAIKO FORUM chief editor Kazuki Kasuya: "Business Competition Should Yield to Coexistence of Mankind"; 30 April, place not given]

[Text] **It Is Time To Outgrow the "Japan Is Special" Argument**

[Kasuya] The significance of economic activities in the international community is growing large, as indicated by the term "borderless economy."

[Hanabusa] I think there are several problems to be considered. In my opinion, there are approximately four problem areas. First, people are beginning to question enterprise behavior in view of the prevailing trend among major advanced countries to promote deregulation, that is, to reduce regulations to the extent possible and promote business activities through a free market. Second, Japan is being pressed to change the cooperative relationship between the government and the private sector, which in fact has been closer than that in European and American countries. Third, Japan's behavior has been very threatening to other countries at a time when the global economy is receding somewhat. Fourth, there is the question of whether the term "people's benefit" means benefits for the manufacturers or for the consumers.

[Kasuya] Mr. Miyoshi, you have been in charge of economic diplomacy on a civilian level. What is your opinion, through your experience, about Japan's diplomacy today?

[Miyoshi] Japan's economic diplomacy on a civilian level has passed through several periods. We can say that the post-Nixon shock period was when Japan began to rank alongside European and American countries and became a pillar in the group of the advanced countries.

As Japan's enterprises strengthen their competitiveness, we have approached the government of every country to promote deregulation so that market mechanisms can function smoothly.

However, we can not simply force market mechanisms on the South or on socialist countries. In order to help these countries develop economically, we largely expect the governments of the countries concerned, particularly the Japanese Government, to establish a framework in which civilian enterprises can participate.

Civilian economic diplomacy does not merely aim at maintaining friendly relations, but we exchange opinions systematically and present opinions, in the form of proposals, to the government of our own countries or the government of the countries concerned; they then reflect our proposals in their national policies. Concerning economic exchanges among advanced countries, we have been proposing that an impartial and fair framework should be established that guarantees the application of the same conditions to the extent possible so that market economy mechanisms can function.

In dealing with the South and socialist countries, we have been proposing that, while basically market mechanisms should be introduced, domestic conditions in the respective countries should be taken into consideration in helping these countries.

[Kasuya] Labor unions have played a number of roles during the 19th and 20th centuries, with the internationalization of the labor union movement developing early on. Now a shocking historical situation, in the form of disappearance of USSR, has emerged. We are getting a strong impression that labor circles in Japan are also undergoing a complete change, with the changing world situation as a background.

[Takagi] During the period following the end of the war, until around the time of the oil shock and the Nixon shock, it was enough for Japan to take care of only itself, which in a sense was a very lucky situation.

In the period following the oil shock, various questions were asked of Japan. Although it may be merely because business is slumping throughout the world, certain countries seem suspicious of whether Japan is really their friend. Recently, discussions among labor unions need to be very realistic, reflecting conditions in industries in respective countries; they also have to address frictions. Although our discussions are basically concerned with employment and related problems, I feel, after our discussions, that Japan's way of exercising its competitiveness is not considered fair by foreign countries, although they seem to be comfortable with the fact that Japan has become competitive in diversified ways during the decade since the oil shock.

As Sony Chairman Morita recently pointed out, in order to guarantee impartial and fair competition, it will be necessary to set up an international standard considered applicable to every country, for problems like working hours and, if taken up from our standpoint, labor's relative share.

Generally speaking, Japan's productivity, including nonprice competitiveness, is considered high. Japan has a comprehensively high productivity, with its hardworking people and high-quality manpower equalized at a high level. Such a country should not keep pushing in the international community by sheer force— As for labor unions, they have recently discussed that Japan's labor movement is different from that in Germany. I strongly feel that it is time to outgrow the "Japan is special" argument; otherwise, smooth communications will not be guaranteed, even among labor unions.

Equalizing Conditions Is Pillar for Coexistence

[Kasuya] Certainly, as globalization is rapidly taking place, the argument that Japan is special no longer holds true. It is necessary for us to try to think in universal terms to the extent possible.

[Hanabusa] Although the period when Japan's restrictive trade measures were a topic of diplomatic negotiations is almost over, certain areas are still being discussed, such as agriculture, symbolized by rice, and services, symbolized by financial circulation.

Mr. Takagi mentioned that Japan fosters competitiveness. We should note, however, that although Japan's economy is exceedingly competitive in a certain field, there is a field where protection is still needed, and there is still another field where competition is not taking place, thus giving rise to various issues.

When we consider the future of Japan's overseas competitiveness, asking where our income will come from, we agree on earning an income commensurate to our investment. In other words, we are entering an age when we will request due compensation for the fruits of our basic research and for our technology research and development, before we transfer them so easily to foreign countries, and where we will also build up an environment that will guarantee sufficient return on our investments. Consequently, the priority of topics raised in diplomatic negotiations has been changing, making it difficult to generalize. However, the main trend in every field is being directed toward deregulation, and the basic issue is, as in the Uruguay Round, to what degree regulations should be retained. In other words, while we have been led by GATT in the 40 years since the war, there has been a remarkable progress whereby technology has changed conditions for competition in each country. Fundamentally, we understand that the main objective of the GATT's current round is to set up rules on our restart.

The failure of the Uruguay Round would mean that the world, which in certain respects has been maintaining an order, will lose its standard of justice. Consequently, the law of the jungle would prevail, with every country one-sidedly pursuing its own profits. Should such a situation emerge, Japan, largely dependent on global economic ties, might have to face various negative factors. Under these circumstances, it is a matter of course for Japan to exert its utmost effort and to bear considerable cost in helping the Uruguay Round to succeed. The world also expects that Japan should play this role. However, there seems to be a big gap.

[Miyoshi] I am afraid that even if certain agreements, particularly in agriculture, can be reached during the Uruguay Round, economic frictions among advanced countries may still intensify. While it is said that the confrontation between communism and capitalism—excluding the People's Republic of China—has ceased to exist for the time being, I suppose that from now on a different kind of confrontation, that is, confrontation among capitalist countries, may continue for 10, 20, or maybe even 30 years. After all, it is considered inevitable for Japanese-type capitalism, or the market economy, to change significantly.

Before enterprises can change, the large framework needs to change. In other words, there still exists, in certain sectors, excessive government intervention and regulation. For instance, while, in Japan's case, the scope of the economic sectors where Dokkinho [act prohibiting private monopolies and for maintaining fair trade] is being fully applied is just a little over 50 percent of the total economic sectors. The ratio is 80 percent of that in the United States. Larger sectors like financial circles, small and medium-sized enterprises, not to mention agriculture, forestry, and fishery circles, as well as communications and transportation circles, are concrete examples subject to government regulation. Japan has been applying the protected fleet system, which helps each sector survive. Although the Japanese system has its own merits, it has certain aspects which do not dovetail with today's global situation. It will be most necessary for advanced countries to establish equal grounds for practicing impartial and fair competition.

Another problem lies in the customary business practices and in various connections and ties among enterprises. This is known as business affiliation, mutual stockholding, or business customs. As such practices are supported by very close personal relationships, it appears very exclusive to outsiders. Although Japanese say that foreign businesses are free and welcome to avail themselves of the same customs and practices, this is not as easy as Japanese people assume, seeing as how foreigners come from different cultural backgrounds. In my opinion, differences in cultural backgrounds constitute a big barrier and create serious problems with European and American countries.

On the micro level, Japanese-style management is said to have some attractive features. It is also true, however, that Japanese-style management has some undesirable side effects. For example, it has fostered merciless competition for promotion among workers in an enterprise, in overwork and sometimes karoshi [death from overwork]. Besides, these workers lose out on their lives as consumers and citizens, and they eventually become completely company-oriented. Such are the side effects of Japanese-style management. Enterprises take these things very seriously, as seen in Mr. Morita's article. He is saying that, in order to compete fairly with European and American countries, it is necessary for Japan to equalize its social and manpower costs.

Keidanren [Japan Federation of Economic Organizations] Chairman Hiraiwa has twice led missions to the EC, once last November and again this past March. Based on their experience, the mission is now discussing how to effect coexistence between overseas and Japanese industries. As Japan is regarded by the rest of the world as special, we should remove Japan's special aspects and try to be universal to the extent possible. While what we call culture is unique by nature, what we call economy consists primarily of universal factors. Therefore it is necessary for us to endeavor to meet universal standards. I believe that one pillar of coexistence can be built this way. There may be matters that we have to ask the government to address, and there is a problem of securing cooperation between government and enterprises. However, the largest pillar is equalization of conditions for competition, something not easily realized. At any rate, it is big project that will require 10 or 20 years to complete.

Workers Begin To Think That Lifestyle or Thinking Needs Change

[Kasuya] Mr. Miyoshi expressed his hesitation about company-oriented workers and karoshi. Seen from Mr. Takagi's standpoint, what needs to be taken into consideration with regard to working conditions and the work environment?

[Takagi] Although there still are less competitive fields in Japan, per capita GNP has somehow reached $20,000-odd. We can see Japanese-style management behind this high GNP. Lifetime employment, seniority-based wages, and enterprise-oriented labor unions are the three secret weapons of Japanese-style management. We should note that these three secret weapons had been maintaining a certain balance in the Japanese economy until about 1980. After the 1980's began, however, the quality of these three weapons began to evolve.

While Japanese labor unions are criticized by overseas labor unions as being under the control of enterprises, Japanese workers themselves are beginning to think that, though their grandfathers and fathers were hard-working people, the younger generation may take a slightly different approach to structuring their lives and their way of thinking. Perhaps they are influenced by international circumstances. Labor unions organized along company lines are also assuming various work patterns that cannot be interpreted with traditional ways of thinking. Unionization has declined internationally; the rate has dropped to below 25 percent in Japan.

Although it may be partly because labor unions were weak, the Japanese community itself has accepted working conditions under which priority is given to benefiting enterprises rather than benefiting workers.

We should also point out that the more the government intervenes, the weaker the competitiveness of the enterprise in question. This creates very high prices for commodities that Japanese are then forced to pay. Yet, the Japanese people seem to think that they cannot help paying these prices since they are the product of government policy.

I think that Japan's way of doing business is presently being reviewed from various aspects, taking these factors into consideration. Before, when the yen was strengthening very quickly, we worked hard, as we were told to do. If we worked harder, the yen grew stronger, making it necessary for us to redouble our efforts. There was an era when we just kept repeating this pattern. Can we not find some more reasonable way of overcoming this situation? I feel strongly that workers in daily touch with newspapers and television on a routine basis are beginning to sense the existence of various problems.

Allowing Ingress of Foreign Workers Should Not Be Regarded as International Contribution

[Kasuya] I have a question. Even though Sohyo [General Council of Trade Unions of Japan] has been reorganized as Rengo [Japanese Trade Union Confederation], it is still a huge organization. Frankly, labor unions backed by such a huge organization seem conservative. How will Japanese labor unions address the problem of foreign workers?

[Takagi] There may be a variety of opinions as to whether a large enterprise labor union is conservative or not. Relatively speaking, however, it may be true that the labor unions have been too inclined to act for the benefit of their companies.

It is very difficult for small and medium-sized enterprises to exceed the level of large enterprises. When large enterprises take self-regulatory measures, small and medium-sized enterprises are forced to levy even more severe self-control. But this kind of structure should not remain in place too long; eventually something will go wrong. If we evaluate working conditions in large enterprises, with 100 as a base figure, the figure for small and medium-sized enterprises comes to around 60. This is one of the problems that needs correcting.

As for the problem of foreign workers, the basic attitude of Rengo is as follows. At any rate, Rengo has not agreed to accept foreign workers without laying down some ground rules. In reality, however, we see many foreign people loitering around the statue of Saigo-san in Ueno Park. How should we deal with this reality? Rengo is of the opinion that, to a certain extent, Japan is bound to take responsibilities in the international community, and, as a tentative measure, it is receiving limited numbers of foreign people under the guise of trainees.

However, it appears that, good or bad aside, it is characteristic of the Japanese community and people to say "you are welcome" to foreigners in certain circumstances. But they are likely to overreact if statistics show that the ratio of effective labor demand to effective supply declines.

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Daily Report

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Lao Official Discusses Membership in ASEAN

BK1607011192 Bangkok THE NATION in English 16 Jul 92 p A2

[Text] The different political ideologies and economic systems of Laos and Vietnam do not pose any problem to their integration in the Association of Southeast Asian Nations (ASEAN), Laotian Vice Foreign Minister Souban Salitthilat said. Inclusion of the two Indochinese countries as ASEAN members will help promote peace and stability in the region, he said in an interview.

The Cambodian peace settlement and changes in global politics have made possible rapprochement between ASEAN and Indochina, Souban said.

It was the right time for ASEAN and Indochina to move closer to achieve better understanding and to strengthen relations and economic cooperation, he said, adding that the two groups could safeguard peace and staiblity in Southeast Asia.

Souban said Laos and Vietnam have long implemented economic reforms, moving from centralized planning to free market economies—the same policy practised by ASEAN. He said differences between Indochina and ASEAN still remain in economic structures, noting that Laos has yet to fully evolve into an open market economy. Vientiane began economic reforms as early as 1986. Different political ideologies did not pose a problem because it was not a matter of an ideological conflict, but rather differences in administrative systems and individual national constitutions.

Souban's comments came as his country and Vietnam embark on a process which they hope will see them admitted to ASEAN, which groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand. Laos and Vietnam will accede to the Treaty of Amity and Cooperation during the annual ASEAN ministerial meeting in Manila next week.

Laotian Foreign Minister Phoun Sipaseut and Vietnamese Foreign Minister Nguyen Manh Cam will attend the meeting as guests of ASEAN. Cam is due to arrive in Bangkok on Sunday for a two-day visit before leaving for Manila. Acceding to the treaty is considered a first step towards becoming an ASEAN member but does not automatically lead to membership. The treaty outlines the principles of peaceful coexistence and cooperation among countries in Southeast Asia. Laos and Vietnam will be the first two Indochinese and communist nations to sign the treaty.

Souban, who will attend the Manila meeting, said Phoun will hold talks with his Thai counterpart Asa Sarasin and other ASEAN foreign ministers.

Accession to the treaty will allow Laos observer status to ASEAN annual meetings and ASEAN summits. The Laotian minister said he could not say when Laos could become an ASEAN member as this would depend on the development of the Lao economy and human resources to a level competitive with that of ASEAN nations.

Japan

Talks With Russia End Without Breakthroughs

OW1607101392 Tokyo KYODO in English 0835 GMT 16 Jul 92

[Text] Tokyo, July 16 KYODO—Japan and Russian Government officials concluded a day and a half of working-level talks aimed at forging a Japan-Russia peace treaty without concrete agreement on an exchange of foreign ministers's visits before President Boris Yeltsin's mid-September visit here.

Foreign Ministry officials also said that there was no substantial progress achieved in the second Japan-Russia peace treaty working-group talks with regard to the two countries' dispute over a group of islands seized from Japan by the Soviet Red Army at the end of World War II.

Japan wants Yeltsin to offer to return the islands off Hokkaido, which it refers to as its "northern territories," when he meets in Tokyo with Prime Minister Kiichi Miyazawa on September 14 and 15.

Officials said the two delegations agreed only to continue discussing through diplomatic channels prospective meetings between Japanese Foreign Minister Michio Watanabe and his Russian counterpart Andrei Kozyrev once or twice prior to Yelstin's visit to finalize preparations.

Officials said Thursday's half day of talks dealt mainly with the content of documents to be issued during Yeltsin's visit.

While declining to go into detail, they indicated that among the documents would be a joint statement or declaration issued by Yeltsin and Miyazawa, as well as accords on cooperation in space and on preventation of naval accidents.

Officials said that it was agreed that representatives from the Foreign Ministry and the Defense Agency would visit Moscow at the end of this month to discuss prospects for concluding the latter accord.

Officials said Deputy Foreign Minister Kunihiko Saito, head of the Japanese delegation, succeeded in convincing Kunadze that Japan and its G-7 partners in Munich consider the dispute basically a bilateral issue and that the reference in the summit declaration was not intended to "pressure" Russia.

They said Kunadze was assured the the reference was inserted because the territorial dispute is a vestige of the past world order and needs to be resolved in the process of building a new one.

The G-7 statement said that the members "welcome Russia's commitment to a foreign policy based on the principle of law and justice" and that they "believe this represents a basis for full normalization of the Russia-Japanese relationship through resolving the territorial issue."

Russia's official ITAR-TASS news agency on Wednesday quoted a Russian delegation participant as saying after the day's talks that Moscow and Tokyo "remain on their previous positions...and these positions do not coincide.

Japanese officials said Thursday they are not disappointed with the talks as no significant breakthroughs were originally anticipated and because the talks are largely aimed at preparing for Yeltsin's visit.

Watanabe: Russian Criticism Could Hinder Aid

OW1607105092 Tokyo KYODO in English 1018 GMT 16 Jul 92

[Text] Tokyo, July 16 KYODO—Foreign Minister Michio Watanabe on Thursday said that Russian President Boris Yeltsin's recent criticism that Japan is not contributing its share to Russia's reform efforts could undermine the government's efforts in that direction, according to Foreign Ministry officials.

Officials said Watanabe made the statement in a meeting with Russian Deputy Foreign Minister Georgy Kunadze, who participated in two days of bilateral talks aimed at concluding a Russo-Japanese peace treaty through resolution of the territorial dispute.

They said Watanabe noted that Yeltsin was recently quoted by a Russian newspaper as saying Japan is the only country among the Group of Seven (G-7) countries "which has not contributed a penny, a half a dollar, or even half a yen (in investment) to Russia."

Referring to Japan's demands for the return of Russian-held islands off Hokkaido, Yeltsin added, "When there are good relations, when there is good cooperation, then maybe we will talk about the islands. Russia will never submit to force."

Watanabe told Kunadze that such criticism could "undermine the position" of the government as it tries to solicit domestic support for aiding Russia.

He said Japan is "doing its best" within domestic constraints to help Russia's reform, noting that Japan has pledged over 2.5 billion dollars in financial cooperation, including import and investment credits, to Russia and other republics of the former Soviet Union.

Pointing out that in late October Japan will host the next international conference on aid to former Soviet republics, as well as the next G-7 summit in 1993, Watanabe said there could be further Japanese assistance offered if Russia were to make a decision on the territorial issue.

Japan has made a territorial settlement a condition for a bilateral peace treaty and for full-scale economic and financial assistance to Russia.

Officials said Watanabe reminded Kunadze that Japan is not demanding the immediate handover of the islands seized by the Soviet Red Army at the end of World War II—Kunashiri, Etorofu, Shikotan and the Habomai islets.

He said Japan is calling on Moscow, for a start, to clarify its intentions with regard to the disposition of the islands in accordance with Yeltsin's vow to pursue a foreign policy based on the principles of law and justice.

Japan says that if its sovereignty over the islands is recognized by Moscow, it will be flexible as to the timing, conditions, and modality of their reversion.

Watanabe said that as far as Japan is concerned, it would not do for Yeltsin to come to Tokyo empty-handed as did former Soviet President Mikhail Gorbachev last year. "It's important for there to be a step forward," he said.

Kunadze, who is personally in favor of Russia's returning at least two of the islands to Japan, was quoted as responding that there are no exceptions to Russia's pursuance of a foreign policy based on law and justice. He said Russia does not practice a "double standard" in that respect.

Kunadze also told Watanabe that if the two countries can reach a settlement on territorial delimitation, it would be "recorded" in the annals of diplomatic history as there are few precedents.

Officials said there was no discussion of a prospective visit to Moscow by Watanabe, who is now recovering from a gallstone operation and commuting to work from the hospital, to undertake preparations for Yeltsin's visit.

They said that in the working-level peace treaty talks it agreed only to continue discussing through diplomatic channels about the previous agreement for mutual exchanges of foreign ministers before the visit.

Tokyo 'May Be Flexible' on Islands Return Terms

OW1607064492 Tokyo KYODO in English 0630 GMT 16 Jul 92

[Text] Sapporo, July 16 KYODO—Prime Minister Kiichi Miyazawa said Thursday that if Russia will recognize Japanese sovereignty over four disputed islands it holds, Tokyo may be flexible on the terms of their return.

Referring to the main stumbling block in postwar Tokyo-Moscow relations, Miyazawa told a news conference Japan will not necessarily insist that Russia rerturn the four islands off Hokkaido all together.

The Soviet Red Army seized the territories at the end of World War II. Tokyo, demanding their return, has refused to normalize relations with Moscow or provide full-fledged financial aid.

"If we reach an agreement over a basic perception for normalized bilateral ties that the four islands are Japan's indigenous territories, I suppose we may flexibly consider the period and specific ways and means of the reversion and the treatment of residents," Miyazawa said.

Japan's official position has been that Russia must return Etorofu, Kunashiri, and Shikotan Islands and the Habomai Islets as a prerequisite to a bilateral peace treaty and massive financial assistance to Russia.

Saying the two countries' foreign ministers must meet before President Boris Yeltsin's planned mid-September visit to Japan, Miyazawa said he will leave the decision on the time and place for the talks to Foreign Minister Michio Watanabe.

On a replacement for Kanzo Tanigawa, the former head of the Science and Technology Agency who has retired as a House of Councillors member, Miyazawa said he will decide after the July 26 upper house election.

"It is not that I have a specific plan to reshuffle the cabinet," the premier said. "It's a matter associated with the Liberal Democratic Party personnel in the upper chamber, so I have to solicit opinions after the upper house contest."

On peace efforts in Cambodia, where the Khmer Rouge has refused to disarm and demobilize its forces under United Nations supervision, Miyazawa said the war-torn country's four factions must hold talks on complying with the U.N. peacekeeping mission there.

The prime minister also said he intends to closely watch Japanese public opinion about a planned visit to China by Emperor Akihito to celebrate the 20th anniversary of the normalization of Tokyo-Beijing relations.

"It would be good if the emperor visits China with the nation's blessing, and I feel it is better for me not to take initiatives on this issue," Miyazawa said.

LDP's Sato Discusses Emperor's Visit to PRC

OW1607121892 Tokyo KYODO in English 1158 GMT 16 Jul 92

[Text] Matsuyama, July 16 KYODO—Koko Sato, chairman of the Executive Council of the ruling Liberal Democratic Party (LDP), showed a positive stance Thursday for a visit to China by Japanese Emperor Akihito to celebrate the 20th anniversary of the normalization of ties between Japan and China.

"This (the visit) would be an unprecedented event, so it is desirable his visit will be realized in a fashion that will be welcomed," said Sato.

He also said he will solicit opinions from his fellow LDP party members and from the government in an attempt to seek a consensus on the Emperor's visit, which has generated some controversy in the the party.

Referring to his party's prospects in the upper house contest, Sato expressed confidence that the LDP will capture a majority of the 127 seats at stake in the upcoming election.

"Our ultimate goal is to win 70 seats, and I reckon we are getting one step closer to it," Sato said.

The LDP is fielding a total of 82 candidates for the July 26 election.

When asked about speculation that Prime Minister Kiichi Miyazawa's cabinet would be reshuffled, Sato said the key structure of the cabinet will remain intact by the time the premier's regime marks its first anniversary in late October.

"The cabinet, if reshuffled, would at most fill a vacancy in the extraordinary Diet session planned for immediately after the upper house election. It is probable the vacancy will not be filled," Sato said.

The head post of the Science and Technology agency will likely be vacant when 71-year-old Kanzo Tanigawa retires as upper house member at the end of his second six-year term. Tanigawa did not run for the current election.

Sato forecast a delay of the autumn opening of the full-fledged extraordinary Diet session. He said the opening would likely be pushed back until the middle or end of October.

He also expressed a desire to win approval of some of the political reform schemes agreed upon by the LDP and the opposition camp, as well as adoption of a draft supplementary budget.

To jump-start the foundering Japanese economy, Miyazawa has pledged to work out a large-scale supplementary budget in the fall.

Sato criticized a call from some opposition parties for a review of a newly enacted peacekeeping law, which authorizes the first dispatch of Japanese troops overseas to join United Nations peacekeeping missions.

"We should consider whether or not to rectify the legislation or to promote it after our peacekeepers enter a mission area. It is thoughtless to call for a review (of the peacekeeping law)," he said.

After months of bitter debate in the parliament, the peacekeeping law was enacted June 15 with the blessing of the LDP and two middle-of-the-road parties, Komeito and the Democratic Socialist Party, despite stiff resistance from the No. 1 opposition Social Democratic Party, the Japanese Communist Party, and minor opposition groups.

With the enactment of the law, Tokyo is considering the dispatch of its Self-Defense Forces personnel to Cambodia to help rehabilitate the war-devastated country.

Delegates To Explore PRC Bullet Train Project

OW1607033392 Tokyo KYODO in English 0305 GMT 16 Jul 92

[Text] Tokyo, July 16 KYODO—Japan will send a fact-finding mission to China in autumn to assess a bullet train project connecting Fuzhou and Amoy (Xiamen in Chinese), Transport Ministry officials said Thursday.

The delegation will be organized by Japan Railway Technical Service, a nongovernmental public corporation, comprising, among others, officials from Japan railway companies. The nongovernmental firm is expected to provide technical assistance to the project.

According to other officials, the project will link the two southern Chinese cities, 300 kilometers apart, in roughly one hour to one and a half hours.

In April, a group led by a Hong Kong-based private investment company and Fujian Province agreed to launch a joint venture to promote the project.

The scale of the scheme is estimated at 300 billion yen, and the officials said the fund is expected to be raised primarily by Hong Kong financial institutions.

According to a report from Hong Kong, the Hong Kong-based Japanese private investment company group signed on Wednesday an informal contract with Fujian Province's railway construction authorities regarding the Chinese bullet train project.

The TA KUNG PAO, a Chinese-language newspaper in Hong Kong, said that under the basic agreement China's first-ever bullet train should run the 280 kilometers between Fuzhou and Xiamen in about 65 minutes.

The Japanese and Chinese sides will invest the estimated total cost of about 2 billion dollars at a ratio of 70 to 30 percent, and will complete the construction within six years, according to the Hong Kong paper.

It said the two sides have agreed that the Chinese will provide the land and labor force for the project, while the Japanese will support the financial and technological phases.

The Japan Railway Technical Service, an organization affiliated with Japan's Transport Ministry, will support the project in technology, maintenance and management areas, it added.

Tokyo Deplores Iraq's Refusal of UN Inspection

OW1507111592 Tokyo KYODO in English 1054 GMT 15 Jul 92

[Text] Tokyo, July 15 KYODO—Japan on Wednesday described as "deplorable" Iraq's refusal to let a United Nations inspection team enter a government building in Baghdad.

"It is deplorable that, despite the demand of the UN Security Council, Iraq continues to refuse to permit an inspection team of the United Nations Special Commission to enter a ministry building in Baghdad," Foreign Ministry spokesman Masamichi Hanabusa said in a statement.

Calling Iraq's refusal a breach of UN Security Council resolutions, the statement urged Iraq to permit the inspection team "immediate access to the Iraq ministry building."

The inspection team tried to enter the Agriculture and Irrigation Ministry building in Baghdad on July 5 to gather information on arms manufacturing.

Iraq says permitting such an inspection would infringe on its sovereignty.

MOF To Open Five-Month International Seminar

OW1607113992 Tokyo KYODO in English 1046 GMT 16 Jul 92

[Text] Tokyo, July 16 KYODO—The Ministry of Finance (MOF) will open its first five-month international seminar on fiscal and financial issues Friday, the ministry said Thursday.

The seminar will involve 12 young government bureaucrats from 11 countries around the world.

Two of the participants are from China and there will be one each from South Korea, Thailand, Malaysia, the Philippines, Indonesia, Vietnam, Mongolia, Peru, Hungary, and the United States.

The participants range in age from 20 to 40, and two of the 12 are women, the ministry said.

Finance Official Says Economy Bottoming Out

OW1607105592 Tokyo KYODO in English 1016 GMT 16 Jul 92

[Text] Tokyo, July 16 KYODO—A top official of the Ministry of Finance (MOF) said Thursday the Japanese economy is now bottoming out, brushing aside pessimistic views in the private sector.

"Business is at the very bottom now. We have no good reason to be quite so pessimistic (for the future)," said the official, who wished to remain anonymous.

The official said consumer spending is weak for durable goods but said consumption is still brisk in other categories.

He also reiterated his skepticism about the proposed income tax cuts.

"How can we finance a tax cut?" He said. "We have no plan to cut taxes by issuing deficit-covering bonds."

Opposition parties and some business leaders are calling for income tax cuts to boost domestic demand.

Business Seeks Additional Pump-Priming Measures

OW1607110392 Tokyo KYODO in English 0948 GMT 16 Jul 92

[Text] Tokyo, July 16 KYODO—Top executives of the Japan Chamber of Commerce and Industry urged the government Thursday to implement income tax cuts and tax breaks on business investments as part of additional pump-priming measures, officials said.

They said Chairman Rokuro Ishikawa and other leaders of the chamber made the request in a meeting with Vice Finance Minister Mamoru Ozaki and other ministry officials.

The ministry officials said, however, the government is lacking in revenue sources to make up for the tax cuts.

Meanwhile, Hiroshi Saito, head of the Japan Iron and Steel Federation, indicated that his federation will ask the government to take additional pump-priming measures, including a large supplementary budget.

He told reporters that the Japanese steel industry needs additional economic stimulation measures since recovery in the steel market is lagging behind earlier projections.

New Securities Watchdog To Be Inaugurated

OW1507102092 Tokyo KYODO in English 0916 GMT 15 Jul 92

[Text] Tokyo, July 15 KYODO—A new securities watchdog body will be inaugurated on July 20 with the aim of preventing a recurrence of the huge stock scandals that rocked Japan's stock market a year ago.

The watchdog body, whose English name is not yet decided, will be empowered to inspect violations and file charges against offenders of fair trade rules as well as propose to the finance minister administrative measures to be taken against offenders.

The three-member commission will have 205 staff members, including 14 tax investigators from the national tax administration agency and those from the securities, banking, and international finance bureaus within the Finance Ministry.

The commission is modeled on the Securities and Exchange Commission of the United States, but opposition party members have said the new watchdog will have less autonomy than the SEC.

Council Urges Construction of Power Stations

OW1507101592 Tokyo KYODO in English 0841 GMT 15 Jul 92

[Text] Tokyo, July 15 KYODO—Japan should increase its electric power generating capacity by more than 40 percent in 10 years from the levels at the end of fiscal 1991 to meet growing demand, a government panel said in its basic plan released Wednesday.

The Electric Power Development Coordination Council, an advisory body to the prime minister, said the country would need power generating capacity of 75.95 million kilowatts by fiscal 2001.

The council estimated that total demand for electricity in fiscal 2001 will rise 25 percent from the fiscal 1992 levels to 883.8 billion kilowatt hours, growing by an average 2.3 percent per year.

To secure a stable supply of electric power to meet the expected demand, it is necessary to have an 8 to 10 percent reserve of generating capacity, the council said.

According to the plan, thermal power stations are expected to account for 61.1 percent of the nation's electric power sources in fiscal 2001, nuclear power stations for 20.5 percent, and hydroelectric plants for 18.4 percent.

Coal and liquefied natural gas (LNG) will replace petroleum as fuels for thermal power stations, with the share of LNG, at 25.5 percent, surpassing the 20.7 percent portion taken by oil, the council predicted.

The council plans the development of new electric power sources with a capacity of 8.09 million kilowatts in fiscal 1992, of which thermal power plants will account for 7.4 million kilowatts, atomic power stations for 0.61 million kilowatts, and hydroelectric power stations for 0.08 million kilowatts.

In this connection, the council approved the start of construction of 13 new power stations with a combined capacity of 7.21 million kilowatts. The council's plan is subject to approval by the government.

The council also released an interim report by its subcommittee on measures to expedite construction of new power stations.

The report called for cooperation among government ministries and agencies concerned in drawing up electric power development programs.

Expressing concern over possible serious electric power shortages in the future, the report made several proposals on securing new power stations.

The subcommittee is expected to work out specific measures and draw up a final report by the end of this year.

It said the government should proceed with electric power development as a national project.

It also proposed the setting up of a working group under the council to pursue acquisition of sites for power plants so that the council can take part in the project from the initial stage.

Procedures to approve the acquisition of sites should be smoothed, it said.

The report called for regular dispatch of a mission on nuclear power station operation control to the Vienna-based International Atomic Energy Agency (IAEA) as part of efforts to build up public trust in the safety of nuclear power plants.

It stressed the need for swiftly determining measures to ultimately dispose of high-level radioactive waste, for which it said fail-safe plans have yet to be established.

The report also asked for positive regional public relations efforts, including disclosure of information related to nuclear power plants.

Interview With EPA Vice Minister Shusei Tanaka

922A0292A Tokyo ECONOMY SOCIETY POLICY in Japanese May 92 pp 70-71

[Interview with Shusei Tanaka, Economic Planning Agency vice minister, by unidentified reporter; place and date not given]

[Text] **Studying History Is an Essential Requirement for a Politician**

[ESP: ECONOMY SOCIETY POLICY] The well-known theoretician, Shusei Tanaka, now has come on the scene as parliamentary vice minister (PVM) of the Economic Planning Agency (EPA). The PVM graduated from Tokyo University and Hokkaido University, and I understand that he currently also holds an important post as a professor at Fukuyama University.

[Tanaka] I have wanted to enter the political world since I was a child. So, in my high school years, I planned to study history, philosophy, and law when I entered college and to become a politician.

It was difficult, however, to carry out this plan because 1959, the year I entered the university, was right at the time of the Security Treaty. I majored in history, particularly modern political history, at the university, but afterward, I was drawn to the tenor of arguments by the political scientist, Yonosuke Nagai, at Hokkaido University, and entered graduate school at Hokkaido University. I left part-way due to family circumstances, but re-entered as a fourth-year student in the late 1980's, and graduated in March 1990. Actually, at the time of my graduation, I was a member of the House of Councillors and lecturer at Fukuyama University (professor since April 1990), pursuing three objectives at the same time, and the "graduation of an incumbent Diet member" became a topic in the newspapers.

I studied at Hokkaido University placing emphasis on the following two points. One is that the Slavic Research Center, which does research on the Soviet Union and China, is at Hokkaido University. Since I have thought from that time that the Soviet and Chinese systems probably would reach their limits, I studied the recent political and economic history of the Soviet Union and China. The other is that I studied having several goals concerning antitrust law and administrative law, which I had wanted to study for some time.

I think that to attend university again after once becoming a member of society is very good because the awareness of problems is clear. In my case, moreover, I also had the opportunity to consider lifetime education. It was difficult because it also was a time when election activities overlapped. I received intensive lecture courses in Sapporo, flew by airplane to Itami, and lectured the next day at Fukuyama University.

I think that studying history is an essential requirement for a politician. From the viewpoint of having seen much of life, I believe in positioning the present within the normal flow of modern history.

Expectations for EPA—Superpower of Living and Intellectual Support

[ESP] It has been close to half a year since you became PVM of the EPA. What are your impressions of the EPA?

[Tanaka] I came to the EPA with hopes. One of the reasons is "the superpower of living."

"From growth to living" has been stated since the era of the Sato cabinet, and it can be said that Japan is preparing for the demands of that age right now.

Another is that I think the EPA should aim at being "a world EPA." Prime Minister Miyazawa has touched upon it in his administrative policy speeches, but intellectual support is becoming the most important topic. It is said that there are the three pillars of money, goods, and people for international contribution policy, but intellectual support is what is most sought by developing countries and the former socialist nations.

Japan should develop more systematic and unified intellectual support and upon the request of foreign countries, provide the economic management knowhow which Japan has accumulated. This is like a doctor who makes house calls with a stethoscope and writes prescriptions. There is a Research Exchange Department in the EPA, but I do not think that it serves much of a function by any means. I think that it is necessary to expand intellectual support further and make it independent from money and goods.

[ESP] A good opportunity is coming to be a superpower of living, but specifically what do you believe that a superpower of living is? Also, what is sought for that?

[Tanaka] Most important is the provision of a living environment. I have thought about this problem with the prime minister since the time of Miyazawa's concept. Borrowing the words of the prime minister, the starting point was whether we could really be called an economic superpower when a nicely dressed, beautiful girl steps on a board covering a sewer ditch and goes in a leaning house that is like a rabbit hutch.

First of all, the hard aspects are necessary such as provision of living-related social capital, especially sewers, homes, and roads for everyday life. I think that we already have taken the first or second step concerning these. Furthermore, I think the concept of a superpower of living has come to be developed with the addition of green parks or welfare and education as soft aspects.

On the other hand, however, a superpower of living is a problem that concerns values and ideology. There was a great reaction when I wrote in a magazine that "If I could have my wish, I would aim for a simple, unsophisticated life surrounded by beautiful scenery." A superpower of living currently is being discussed in the Economic Advisory Council, but wouldn't it be good to clarify the image of a lifestyle that should aim at values and ideology at such a juncture?

Concept of "World Order Of Peace"

[ESP] Turning our eyes to the world, however, a new world order is being sought amidst the end of the cold war and crumbling of the Soviet Union. I have heard that you are deeply taking part in Prime Minister Miyazawa's concept of "a world order of peace."

[Tanaka] World leaders are using the words, a new world order, but there are no objectives, values, or ideology in this. As opposed to this, there is a difference of three nuances in the world order of peace.

First, there is the clear objective that it aims at peace. Second, it aims at a comprehensive order that includes the economy, society, and culture, without bias to political or military aspects. Third, an order centered on the United Nations is considered, not a system that expects too great of a obligation from the United States.

Specifically, I think that there are six goals first of all. These are 1) the discontinuation of nuclear weapons and overall arms reduction, 2) preservation of the global environment, 3) deterrence of regional wars by establishment of a permanent U.N. force, 4) protection of human rights from oppressive governments, 5) relief from hunger and poverty, and 6) the combat of factors leading to the destruction of mankind such as drugs and aids.

[ESP] The superpower of living and international contributions currently have become important topics in the Economic Advisory Council for which the EPA serves as secretariat.

[Tanaka] The EPA is now facing a great opportunity for action. The most famous and deeply significant economic planning probably was the Income Doubling Program of 1960. This program gave rise to national debate.

Now, the superpower of living has become a matter of national concern. Shifting the emphasis of policy to living is epochal. I think that it is important that it give rise to national debate in the future and that each member of the nation reconsider life once more.

[ESP] Thank you very much. Finally, I would like to ask if you have any ambitions as a politician.

[Tanaka] It is difficult to say in words, but I have lived so far thinking that I would like to play an irreplaceable role. In the future, also, I would like to conduct myself so as to play such a role according to the demands of the time.

North Korea

ROK-U.S. Joint Exercise Replaces Team Spirit

SK1507052892 Pyongyang KCNA in English 0428 GMT 15 Jul 92

[Text] Pyongyang July 15 (KCNA)—The United States and the South Korean authorities decided to hold a provocative joint military training codenamed Focus Lance [as received] across South Korea over August 19-30, a Seoul-based radio reported. F117 Stealth fighter-bombers, Patriot missile batteries, early warning planes and other uptodate weapons will be used in the training, said the report.

The Focus Lance training has been held annually in South Korea under the control of the South Korea-U.S. "Combined Forces Command," and involved the U.S. imperialist aggression forces in South Korea and the puppet armed forces.

The United States and the South Korean authorities, allegedly to fill the vacuum of security caused by the suspended Team Spirit, have decided to drastically beef up this year's Focus Lance training and mobilize in this provocative military training overseas-based attack weapons that were used in the Gulf war.

They plan to hold the Focus Lance training virtually in place of the Team Spirit.

The training is grave also because it covers the period of the exchange of old parents' visiting groups and art troupes from August 25 to 28, upon which the North and the South have already agreed.

This provocative military training is a wanton violation of the inter-Korean agreement the keynote of which is nonaggression between North and South and it will further aggravate the situation on the Korean peninsula.

'Immediate Cancellation' Demanded

SK1607044792 Pyongyang KCNA in English 0427 GMT 16 Jul 92

["Plan for 'Focus Lance' Joint Military Training Must Be Cancelled"—KCNA headline]

[Text] Pyongyang July 16 (KCNA)—NODONG SINMUN today demands an immediate cancellation of the "Focus Lance" [as received] joint military training planned by the U.S. imperialists and the South Korean authorities, branding the training as a play with fire to invade the northern half of Korea.

The news analyst says:

It is very ill-boding that the U.S. imperialists and the South Korean authorities are turning the training which has so far been under way as a joint military rehearsal on the map into a war exercise involving ultra-modern weapons and combat units. This shows how reckless the war-mongers are becoming in their schemings to reverse the favourably developing situation on the Korean peninsula.

The South Korean authorities are planning to stage the military rehearsal with the United States by the end of August when the exchange of the visiting groups of old parents and art troupes is scheduled. This shows that they are not interested either in dialogue or in elementary Red Cross humanitarian work.

The United States and the South Korean authorities must immediately cancel the plan for the "Focus Lance" joint military training which threatens peace on the Korean peninsula and casts a shadow over the prospect of the North-South dialogue and stop putting brakes in the implementation of the North-South agreement.

U.S.-South 'Ground Attack Exercise' Denounced

SK1607051192 Pyongyang KCNA in English 0421 GMT 16 Jul 92

[Text] Pyongyang July 16 (KCNA)—The U.S. imperialist aggressors and the South Korean puppets staged an air and ground attack exercise for increasing the capacity of intensive strike at targets in the strategic depths of the northern half of the country in the sky above Kongju, Wonju and Yoju, South Korea, on July 14, according to military sources.

Mobilized there were more than 250 overseas-based nuclear-capable fighter-bombers, assault planes, pursuit-assault planes and fighter-bombers, observation planes and reconnaissance planes of the U.S. Air Force present in South Korea and the puppet air force.

On the same day, the U.S. imperialists sent "KC-135" refuelling tanker to the sky above the West Sea off Kunsan to refuel 10 odd F-16 fighter-bombers during the exercise.

Meanwhile, 105 mm gun batteries of the puppet army which took firing positions in Wolsan-ri of Yanggu County, Songok-ri of Yonchon County and Chongja-ri of Paju County, fired some 150 shells at areas adjacent to the Demilitarized Zone, and armed bandits of the puppet army who took combat positions in Chokgo-ri of Yonchon County and Ogum-ri and Cho-ri of Paju County, shot 12.7 mm machine guns and M-16 automatic rifles.

The warplanes which were mobilized in the aerial war exercises in the sky above South Korea on July 14 alone totaled 600.

Kim Tal-hyon, Delegation To Visit South 19 Jul

SK1607043492 Pyongyang KCNA in English 0425 GMT 16 Jul 92

[Text] Pyongyang July 16 (KCNA)—Kim Tal-hyon, vice-premier of the Administration Council and chairman of the External Economy Commission of the Democratic People's Republic of Korea, will visit Seoul from July 19 to 25, 1992 at the invitation of Choe

Kak-kyu, deputy prime minister and minister of Economic Planning Board of the Republic of Korea.

Wreath Sent to PRC on Deng Yingchao's Death

SK1507105192 Pyongyang KCNA in English 1023 GMT 15 Jul 92

[Text] Pyongyang July 15 (KCNA)—The great leader President Kim Il-song sent a wreath expressing his deep condolences over the death of Comrade Deng Yingchao.

The wreath was laid in the mourning hall on July 14.

Present on the occasion were Charge d'affaires ad interim Pae Yong-chae and officials of the DPRK Embassy in Beijing and Han Xu, president of the Chinese People's Association for Friendship With Foreign Countries, and other officials concerned.

Inscribed on the ribbon hanging from the wreath were the letters "In memory of the late Comrade Deng Yingchao."

Korean Groups in Japan Hold Joint Meeting

SK1507154692 Pyongyang KCNA in English 1503 GMT 15 Jul 92

[Text] Pyongyang July 15 (KCNA)—A joint general meeting of the Kitakata branches, Kokura chapter, Fukuoka Prefecture, of the General Association of Korean Residents in Japan (Chongnyon) and the Democratic Union of Korean Women in Japan was held to implement the decisions of the 16th Congress of Chongnyon, according to a KNS report from Tokyo.

Yi Chin-kyu, first vice-chairman of the Chongnyon Central Standing Committee, stressed in his speech at the meeting, that if the driving force of the branches was to be strengthened, the branch organizations must be made ones which hold the great leader Generalissimo Kim Il-song in high esteem and uphold the leadership of the dear leader Marshal Kim Chong-il with a loyal heart and a greater number of compatriots be closely united around the branches.

He said:

A movement for learning from the great leader should be waged among the members of the branches and, for the present, the study of his reminiscences "With the Century" should be made vigorously and all the compatriots be drawn into the "national movement for peace and reunification of the homeland".

South Korea

No Agreement in Burdensharing Talks With U.S.

SK1607113092 Seoul YONHAP in English 0923 GMT 16 Jul 92

[Text] Seoul, July 16 (YONHAP)—Korea and the United States discussed here Thursday the issue of Korea's sharing of the cost of U.S. military presence in Korea, but failed to reach an agreement.

The two countries decided to continue the discussion at a preliminary meeting of the Korea-U.S. Annual Security Consultative Meeting (SCM) slated for August in Hawaii.

During his talks with Vice Defense Minister Kwon Ong-hae and other Ministry officials, H. Allen Holmes, visiting U.S. ambassador at large for burdensharing, asked Korea to raise its burden sharing as much as possible next year.

Holmes said Korea should take into account the fact that the U.S. Administration has been under congressional pressure for overseas military cutback and reduction in other defense spendings.

In response, Korean officials said that due to lingering economic difficulties, Korea is not able to raise the share sharply but would expand it step by step.

At the 1991 SCM meeting, the two countries agreed on the principle that Korea would bear 180 million dollars in burden sharing in 1992 and would raise the amount in 1995 to a point where it would amount to one third (roughly 280 million dollars) of the total cost of the U.S. military presence in Korea.

Russia Promises To Guarantee Loan Repayments

SK1607114192 Seoul YONHAP in English 1022 GMT 16 Jul 92

[Text] Seoul, July 16 (OANA-YONHAP)—The Russian Federation promised Thursday it would guarantee loan repayment to South Korea for all of the republics and pay the overdue interest in August, Finance Ministry officials said Thursday.

Russia will present legal documents pledging to bear all responsibility for the South Korean loan to the Commonwealth of Independent States (CIS) if the republics cannot make the repayment themselves, Assistant Finance Minister Yi Hwan-kyun said after talks with the Russian delegation.

South Korea may resume exports shipment to Russia as early as next month after Russia hands over the legal documents, according to Ministry officials.

Seoul and Moscow agreed on a 3 billion U.S. dollar economic aid package in January last year, including 1 billion dollars in cash loan and the rest in export-tied and plant loans.

The cash loan was made in full last year, but South Korea shipped only 470 million dollars worth of export-tied goods out of promised 800 million dollars for 1991 after the collapse of the old Soviet Union.

Further strains came when Russia was unable to make the 32.5 million dollar interest due on the cash loans.

Viktor Shilin, Russian deputy minister of foreign economic relations, told the South Korean delegation that his country will deliver its share of the interest payment, 29.54 million dollars, within 10 days after presenting the legal documents, Ministry officials said.

Shilin asked South Korea to start 800 million dollar aid planned for this year. South Korean officials responded that this year's share of aid can begin after Russia pays the interest money in full.

Reaction to Visit by DPRK Vice Premier Reported

'Will Greatly Help' Solve Nuclear Issue

SK1607041992 Seoul KBS-1 Radio Network in Korean 0315 GMT 16 Jul 92

[Text] Kong No-myong, ROK chairman of the North-South Joint Nuclear Control Commission [JNCC], said that the visit to the ROK by Kim Tal-hyon, vice premier of the North Korean Administration Council, will greatly help to solve the nuclear question.

Meeting with reporters this morning, Chairman Kong said that political dialogue on the problems between the North and the South would be possible because of Vice Premier Kim Tal-hyon's visit. He also revealed that political dialogue is required for certain areas of the nuclear issue and thus suggested the possibility of progress in that issue, the greatest pending question between the North and the South.

Chairman Kong thinks that because Vice Premier Kim Tal-hyon can report directly to President Kim Il-song and other high-ranking North Korean leaders, he will convey our side's position to them without adding or omitting anything, unlike existing channels.

Chairman Kong stated, however, that because Vice Premier Kim's visit to the ROK is not aimed at discussing concrete economic cooperation, his visit does not contradict the ROK Government's basic policy that without a solution to the nuclear issue, there cannot be any practical progress in North-South relations.

Chairman Kong stressed that there is no change in the ROK's basic position that North-South mutual inspections should be conducted by first adopting inspection regulations at the seventh JNCC meeting slated for 21 July.

Further Details on Visit

SK1607024292 Seoul YONHAP in English 0115 GMT 16 Jul 92

[Text] Seoul, July 16 (YONHAP)—North Korean Deputy Premier Kim Tal-hyon, accompanied by nine officials, will visit South Korea July 19-25, the South Korean Government announced Thursday.

Myong Chong-chu, spokesman for the Economic Planning Board (EPB), issued the announcement. He said Kim would visit South Korea at the invitation of EPB Minister Choe Kak-kyu.

During his visit, Kim will exchange views with top South Korean economic officials, tour industrial plants and meet with executives of large business enterprises, the spokesman said.

Kim will spend three nights in Seoul, two in Kyongju, North Kyongysang Province, and one in the southeastern port city of Pusan. He is scheduled to visit industrial facilities in the Seoul-Inchon area and Pohang, Ulsan, Kumi, Pusan and Okpo.

In addition, Kim will tour the Namdaemoon market and Lotte Department Store in Seoul and visit some tourist spots, Myong said.

Kim, one of a few leaders in North Korea who appear to favor openness and reform for economic development, will meet with Choe and other government officials and business leaders, providing a possible impetus for closer economic cooperation between South and North Korea, if and when the North Korean nuclear issue is resolved, government sources said.

The North Korean officials who will accompany Kim include Chong Un-op, 51, president of Samchonri Co. of the Ministry of Foreign Trade; Yi Song-tae, 54, vice foreign trade minister, trade councilor in China; Nim Tae-tok, 46, chief secretary of the Committee for External Economic Cooperation; Kim Tong-kuk, 50, State Council responsible guidance member; Kim Ung-yon, 42, secretary to deputy premier; Hwang Po-hyok, 49, deputy bureau director of the Ministry of Foreign Trade.

Kim will also be accompanied by two reporters, from the Korean Central News Agency and the central television station, and by a communications technician.

In a statement, the government said Kim was invited to visit the South to let high North Korean economic officials have a proper and correct understanding of the state of South Korean economy and industry.

The visit will be a preliminary phase for increased exchanges and cooperation in the economic field between the South and the North, the statement said.

In a supplementary press briefing, Yi Tong-pok, spokesman for the inter-Korean prime ministerial conference, said Deputy Premier Kim had first expressed his interest to visit the South to Kim U-chung when the chairman of the Daewoo Business Group visited Pyongyang in January.

The South Korean Government confirmed his intention through working-level contacts in Beijing in mid-June and decided to invite Kim as part of a move to build mutual trust, Yi said.

The government hopes to acquaint Kim and other North Korean officials with the South's economic development policy, its managerial techniques, the state of its industry and its commodities distribution structure, Yi said.

He said, however, there would not be any concrete discussion on inter-Korean economic cooperation or any other specific projects during the visit.

Yi also stressed the government position that resolution of the nuclear question, through mutual and simultaneous inspections of nuclear facilities, was the condition for the improvement in inter- Korean relations.

Kim's visit did not reflect any change in the government's position on the nuclear issue because he was not visiting South Korea in order to discuss any particular issue, Yi added.

Spokesman for S-N Talks Views Visit

SK1607033192 Seoul KBS-1 Radio Network in Korean 0103 GMT 16 Jul 92

[News conference by Yi Tong-pok, spokesman for the South-North high-level talks, at the Economic Planning Board with unidentified reporters—live]

[Excerpt] [passage omitted] [Reporter] Because the purpose of Vice Premier Kim Tal-hyon's upcoming visit is for an understanding of the economic situation between the South and North and is based on reciprocity, when will Deputy Prime Minister Choe Kak-kyu visit the North?

[Yi Tong-pok] No agreement has been reached on this. Vice Premier Kim will have an opportunity to meet with Deputy Prime Minister Choe a few times, and they will surely discuss this. I cannot say when Deputy Prime Minister Choe will visit the North but this matter will be discussed.

[Reporter] The government has been saying that South-North relations cannot advance without progress in the nuclear issue. Therefore, the Nampo Light Industry Complex that Daewoo has been promoting has been put on hold. Does Vice Premier Kim's visit to Seoul mean that we are making concessions in the nuclear issue, and what is the U.S. position on this?

[Yi] I repeat that there is no change in our government's basic position on the North, including the nuclear issue, and Vice Premier Kim's visit is within this framework. The promotion of the Nampo Light Industry Complex and Vice Premier Kim's visit are completely different. The goal of the Nampo Light Industry Complex is to get started on it, and there is no connection between this project and Vice Premier Kim's visit to Seoul. Talks about pending South-North issues will inevitably be discussed during Vice Premier Kim's visit to Seoul. At that time we will automatically convey our position on the nuclear issue. It will be an opportunity to emphasize again our position that all elements preventing progress in practical improvement in South-North relations should be eliminated as soon as possible. I do not think that there will be any special problem regarding the U.S. position. We had already given our allies appropriate notification of Vice Premier Kim's visit to Seoul and informed them of our government's firm position on pending issues, with which our allies agree.

[Reporter] Will Vice Premier Kim visit Chongwadae to meet President No Tae-u, and will there be a personal letter from Kim Il-song on possible summit talks?

[Yi] Preparations have to be made to hold summit talks. As you all know, we have not yet made any preparations. There is no connection between summit talks and Vice Premier Kim's visit to Seoul. There has been no agreement yet on whether Vice Premier Kim will visit Chongwadae. I believe that there will be an opportunity to examine this matter when Vice Premier Kim arrives in Seoul. Nothing has been decided yet. We have not been notified of any kind of personal letter, and as I said before, the purpose of this visit is to inspect various industrial facilities.

YONHAP 'Analysis' of Visit

SK1607064492 Seoul YONHAP in English 0251 GMT 16 Jul 92

["News analysis" by Yi Tong-min]

[Text] Seoul, July 16 (OANA-YONHAP)—Seoul-Pyongyang relations are ready for a jump start with North Korean Deputy Premier Kim Tal-hyon's visit to South Korea next week.

Seoul officials, formally announcing Kim's visit Thursday, emphasized it was purely an industrial tour to give him a sense of what is available for inter-Korean economic tieups if North Korea is willing to cooperate.

But as one National Unification Board official said: "There is no denying the symbolic significance of his visit at this point in inter-Korean relations."

The mere fact that Kim, who is also chairman of the External Economic Commission, is coming suggests that North Korea may be ready to compromise on pending inter-Korean issues, including the nuclear negotiations and reunions of separated families.

The two Koreas, divided since 1945, had their first jump-start last December with the signing of an agreement on reconciliation, nonaggression and exchanges and cooperation.

But ties have been strained since then, mostly because of stalled talks on mutual nuclear inspection. Seoul sent a series of messages, the latest from the prime minister, saying there would be no substantial progress in inter-Korean relations, including economic cooperation, until Pyongyang erased all suspicions on its nuclear arms development by accepting mutual nuclear inspection.

Pyongyang fiercely protested, saying in that case it might have to cancel the reunions set for next month.

Kim Tal-hyon's visit was announced when neither side seemed ready to give up their positions.

Recent indications are that North Korea is in dire economic straits, and that is what ultimately drove the deputy premier to look toward South Korea.

North Korean leader Kim Il-song recently told visiting U.S. scholar William Taylor, who often shuttles back and forth between Washington, Seoul and Pyongyang, about his country's economic troubles and asked for U.S. aid and technology transfer.

Taylor quoted Kim as saying that his country was under severe strain after the cutoff of economic assistance from the former Soviet Union as well as demands for cash in trade with other countries.

On Wednesday, it announced it was recalling all banknotes to replace them with new ones, a way to boost government liquidity and better control the money supply, according to observers.

After all, it was Kim Tal-hyon who suggested first that he visit Seoul when he met with South Korean tycoon Kim U-chung in Pyongyang last January, officials here said.

The two sides confirmed Kim's wish at secret contacts in Beijing last month and settled on the final itinerary through their liaison offices early this month, they said.

Seoul, well aware of North Korea's economic condition, hopes to take full advantage of the situation.

Seoul stresses that it wants this to be a chance to tell Kim Il-song, via the deputy premier, what it can have if he decides to sincerely compromise with South Korea on nuclear, family reunion and other issues, officials here said.

South Korean officials purposely play down the non-economic significance of Kim's visit, lest North Korea mistake that inter-Korean relations can progress without a nuclear solution.

Although the visit itself may be purely economy-oriented, what Seoul is really angling for is to get North Korea to make a political decision to compromise by using the economic lure.

"North Korea is sending conflicting signals, apparently because there are two voices within its government," a Foreign Ministry official in charge of inter-Korean affairs commented.

One group insists on the past course of self-sustainment without opening up to the outside, but the other group, significantly gaining ground in the leadership, wants reform, he said.

"Kim Tal-hyon's visit was apparently pushed by the reformist group. Although we insist on first resolving the nuclear policy, we shouldn't turn away from this valuable chance to contact such a group," he said.

Parties Comment on Visit

SK1607070592 Seoul YONHAP in English 0530 GMT 16 Jul 92

[Text] Seoul, July 16 (YONHAP)—The nation's three major political parties have welcomed the visit to Seoul of North Korean Deputy Premier Kim Tal-hyon, and expressed their hopes that it will expedite inter-Korean economic cooperation.

The ruling Democratic Liberal Party (DLP) welcomed Kim's visit in a statement Thursday, expressing its desire for expanding substantial economic exchanges in the days ahead.

"The visit is significant as it will be made by a technocrat. We are looking forward to expansion in substantial economic exchanges between the two Koreas with the visit," DLP deputy spokesman Yi Won-chong said in the statement.

"In addition, we are also looking forward to seeing the materialization of exchange visits of 10 million members of dispersed families on both sides and the settlement of the North's nuclear issue."

The major opposition Democratic Party [DP] issued a statement, expressing suspicion at the timing.

"We support inter-Korean economic cooperation in principle, but are suspicious over the timing of the visit. We wonder why his visit is made at this crucial time," spokesman Chang Sok-hwa commented in the statement.

Chang expressed doubt on whether Seoul has the practical ability to provide economic assistance to the North, on why the government abruptly changed its earlier position of not seeking exchange or cooperation with the North unless the nuclear issue was settled, and on whether the government will try to use Kim's visit to deflect public wrath away from the scam involving the land held by the Army Intelligence Command.

The minor Unification National Party [United People's Party] welcomed Kim's visit, but urged the government to pursue a steadfast policy toward North Korea rather than being irrationally swayed.

Visit Expected To Boost S-N Trade

SK1607104392 Seoul YONHAP in English 0546 GMT 16 Jul 92

[Text] Seoul, July 16 (YONHAP)—North Korean Deputy Premier Kim Tal-hyon's visit to South Korea next week will pave the way for a renewal of inter-Korean economic cooperation, darkened recently by the nuclear issue.

Kim is to tour industrial sites rather than discuss concrete measures to push forward inter-Korean economic cooperation with Seoul, but his "observation" tour is believed to contribute to improving the climate.

"The two sides are unlikely to produce an agreement on the inter- Korean economic effort this time," a South Korean Government official said. "We will exchange views on the issue with the visiting northern official, firming up the good atmosphere for future cooperation."

Kim, who is also chairman of the External Economic Commission, is an economic bureaucrat on the upper level of the North's power hierarchy and a central figure in opening policy and inter-Korean economic cooperation.

It was Kim who agreed to set up the Nampo industrial complex in a joint venture with Kim U-chung when the chairman of the Daewoo group visited Pyongyang in January.

The two also met in Moscow recently and agreed to lay a gas pipeline and a railway track from Yakutsk in Russia to South Korea by way of North Korea.

Since the inter-Korean basic agreement was signed by prime ministers of both Koreas late last year in Seoul, the environment for economic teamwork ripened until North Korea's nuclear development emerged as a stumbling block to further progress.

Inter-Korean exchanges through third countries have soared in recent years and North Korea is seeking joint ventures to overcome its economic difficulties, mainly with Daewoo.

The South brought in 165.99 million U.S. dollars of North Korean goods last year and an estimated 26.18 million dollars of products went in the opposite direction. In the first half of the year, commodity exchanges between the two halves amounted to 107.11 million dollars.

Joint ventures will be based on mutual need. Daewoo, for example, will supply raw materials and technologies, and North Korea will provide cheap labor to produce good quality products at low cost in the Nampo joint venture complex.

Such joint ventures are expected to expedite the opening of the North's economy and give it the opportunity to earn the foreign currency needed for economic development. South Korea can also sharpen its competitive power in international markets using cheap North Korean labor.

Other promising fields for two-way economic cooperation are joint development of underground resources and prospecting for oil on the continental shelf.

South Korea aims to realize a single national economic community by forming the framework for economic cooperation and then gradually expanding cooperative ties.

The two sides have neared, through seven rounds of high-level talks, agreements on materials exchanges on open accounts, investment guarantee, avoidance of double taxation and arbitration of commercial disputes. They have also narrowed differences on establishment of Nampo- Inchon and Wonsan-Pusan sea routes and other ways of personnel and commodity exchanges.

If Kim's visit helps solve the controversial issue over North Korea's nuclear development and enlivens the economic cooperation with South Korea, the two sides may kick off a joint commission for economic exchange and cooperation around the eighth high-level talks in September. The two sides had earlier agreed to launch the joint commission headed by vice ministers by the end of September.

Visit May Boost South-North Tourism

SK1607113392 Seoul YONHAP in English 0918 GMT 16 Jul 92

[Text] Seoul, July 16 (YONHAP)—North Korean Deputy Premier Kim Tal-hyon's visit to Seoul is likely to inject vigor into South Korea's project for promoting inter-Korean cooperation in tourism industry, which was recently shelved due to differences over nuclear issues, industry sources here said Thursday.

Sources said Kim would probably touch on cooperation in the tourism industry in his talks with South Korean officials.

Officials of the two Koreas are expected to study the feasibilities of proposed plans for extending foreign visitors' tourist routes to scenic places in North Korea, joint development of Mt. Kumgang as a tourist site, mutual exchange of people in a limited area, and preservation and joint development of the Demilitarized Zone (DMZ).

More than 10 travel agents, including Lotte Travel Service, Seil Travel Service and Korea Travel Co., have reportedly achieved a lot in their authorized negotiations with the North Korean state General Bureau of Tourism and Chosun International Travel Co. on joint development of Mt. Kumgang since last year.

Negotiators have met in China, Japan and Macao, sources said.

These agents are ready to branch out into the North Korean market and promote cooperation with their North Korean counterparts, sources said.

The government launched a working-level task force to study cooperation with North Korea in the Transportation Ministry last year and the Korea National Tourism Corp., which inaugurated a North Korea desk in its office earlier this year, has sought to support private businesses' plan to expand cooperation with North Korea.

Kim Tal-hyon Profiled

SK1507101192 Seoul YONHAP in English 0915 GMT 15 Jul 92

[Text] Seoul, July 15 (YONHAP)—Kim Tal-hyon, 51, is a typical North Korean technocrat with extensive knowledge of economic and international affairs.

A nephew of President Kim Il-song, he is one of the few people in the North Korean hierarchy who can advise his uncle and his cousin, heir apparent Kim Chong-il, personally, especially on economic ties with foreign nations and with South Korea.

In addition to being deputy prime minister for economic affairs, he is in charge of the External Economy Commission and Foreign Trade Ministry, an indication that he is in the vanguard of the push for joint ventures with capitalist countries to escape North Korea's worsening economic hardships.

Born in January 1941 in North Hamgyong Province, Kim graduated from the Albanian University of International Relations and has risen smoothly up in the bureaucracy.

At the age of 36, Kim became vice president of the Academy of Social Sciences, which serves as an ideological buttress for the communist regime, and in 1987 he was named to head the Chemical and Light Industry Commissions.

In 1988, Kim was appointed to head the State Planning Commission and General Bureau of Joint Venture Industry, while taking charge of the Foreign Trade Ministry, putting him at the helm of North Korea's economic mechanism.

With the full backing of his uncle and cousin, and with his expertise in economic management, Kim was elected to the Central Committee in 1988 and reelected at the ninth party congress in 1990.

He became vice premier of the Administration Council in May 1990, a position promising him a bigger say in economic policies.

Since taking on the vice premiership, Kim has made a number of trips abroad to discuss economic cooperation with such Third-World countries as Libya and Egypt.

He was in the spotlight in the South last year when he invited the Rev. Moon Sun-myung, leader of the Unification Church, to Pyongyang.

More recently, he hit the headlines in South Korea by secretly meeting in Moscow with Kim U-chung, chairman of South Korea's Daewoo business group, in connection with an ambitious Daewoo project to construct a gas pipeline linking Siberia with South Korea via North Korea.

Fluent in English, he is said to have an agreeable personality and a deep knowledge of international affairs, a guarantee he will become premier given his blood ties with Kim Il-song.

N-S Military Subcommittee Meets at Panmunjom

SK1607033592 Seoul KBS-1 Radio Network in Korean 0200 GMT 16 Jul 92

[Text] North and South Korea this morning held the sixth meeting of the North-South Military Subcommittee at the House of Peace in our side's area in Panmunjom to discuss the issue of writing an annexed agreement on nonaggression.

At today's meeting our side stressed that the annexed agreement on nonaggression, which will be prepared according to the spirit of the North-South Basic Agreement, should include the the key issues of nonuse of armed force and steps to prevent war in the event of incidental armed conflict. Our side put forth a revised annexed agreement draft for the implementation and observation of the North-South agreement on nonaggression, which accurately reflected the North side's opinions.

The revised draft consists of six chapters and 25 articles, including nonuse of armed force, the prevention of an accidental armed conflict, the peaceful solution of disputes, boundaries and areas for nonaggression, and the installation and operation of a military hot line.

Sides Agree on Name of Document

SK1607101792 Seoul YONHAP in English 1004 GMT 16 Jul 92

[Text] Panmunjom, July 16 (YONHAP)—The South-North Military Subcommittee agreed here Thursday on the name of a supplementary agreement to be adopted to ensure the implementation of non-aggression between the two sides of Korea and also on the titles of some of the chapters of the agreement.

The agreed-on name of the secondary agreement was "Auxiliary Agreement for the Implementation and Respect for Chapter II 'South-North Non-Aggression' of the Agreement on Reconciliation, Non-Aggression and Exchanges and Cooperation Between the South and the North."

At the sixth subcommittee meeting held at Peace House in the southern sector of this truce village, the two sides, however, failed to reach an accord on the titles of the remaining two of the total six chapters.

Regarding the two unsettled chapters, the South wanted to include a chapter on additional clauses on the implementation and respect for non-aggression while the North insisted on the inclusion of a chapter on Military Joint Commission.

The two sides decided to have a separate chairmen's contact on July 23 here at Panmunjom to carry on discussion on the unsettled chapters.

The southern chairman is Pak Yong-ok, arms control officer of the Defense Ministry, and his North Korean counterpart is Kim Yong-chol, a deputy bureau director of the People's Armed Forces Ministry.

Trading Firms Study Joint Ventures With North

SK1607065692 Seoul YONHAP in English 0305 GMT 16 Jul 92

[Text] Seoul, July 16 (YONHAP)—Amid expectations that the visit to Seoul of North Korean Deputy Premier Kim Tal-hyon may break the deadlock on inter-Korean economic cooperation, South Korea's major trading houses are gearing up for joint ventures with the North.

Samsung Co. is reportedly considering joint ventures with North Korea in such fields as textiles, electronics, footwear and utensils. The company has formed task forces charged with gathering and analyzing information in each field.

Thus far, Samsung has focused on CMT (cutting, making and trimming) and trade with North Korea.

Samsung's trade with North Korea is forecast to reach 25 million U.S. dollars this year, up 2.78 million dollars over a year earlier. During the first half of this year, Samsung brought in 6.2 million dollars of raw materials and products including 50,000 tons of anthracite from North Korea and sold 6.3 million dollars of commodities to the communist country.

According to Samsung officials, the company will push ahead with a CMT venture in the textile field, taking full advantage of skilled North Korean manpower, and export most of the output to such countries as Japan and Germany.

Daewoo Corp. plans to build factories for shirts, fibers and bags as agreed by its chairman, Kim U-chung, and North Korean officials during Kim's visit to the North in January if agreement on the projects is reached during the North Korean deputy premier's stay here next week.

Daewoo reportedly plans to make direct investments in three of the nine fields Kim reached agreement with North Korea as soon as the two countries thrash out the issue of developing the Nampo industrial complex near the North Korean capital.

A Daewoo source says his company plans to develop the complex soon, possibly from September, and begin production in February next year. Daewoo also considers setting up a joint venture with North Korea in a third country, fully utilizing the North's skilled manpower.

Lucky-Goldstar Corp., which was in the vanguard of inter-Korean trade until last year, is looking for a North Korean partner for direct trade or may invest directly if inter-Korean economic cooperation blossoms in the near future.

At the same time, Lucky-Goldstar plans to build textile, toy and electronics factories in joint ventures within North Korea, and push ahead with construction of a naphtha plant on a CMT basis.

In addition to the long-term joint venture project with the North, Lucky-Goldstar also considers purchasing agro-fisheries products from North Korea and expanding indirect trade with it.

Ssangyong Corp., which has taken a back seat in inter-Korean trade, is busy deliberating the pros and cons of a joint venture with North Korea.

Ssangyong launched a special committee on North Korea headed by a vice president early this year. The committee meets once a fortnight to study joint-venture projects. In particular, Ssangyong is considering a joint venture in cement with its decades of expertise in that field.

Against this backdrop, South Korea's biggest trading house, Hyundai, is taking a wait-and-see attitude, maintaining its North Korea task force.

Sunkyong Corp. shows a similar position, keeping a watchful eye on the trend of South Korean Government policies toward North Korea.

South Korea's major trading houses virtually suspended their business with North, except for a few items such as zinc, in April, when the South Korean Government announced a policy of linking inter-Korean economic cooperation to the sticky issue of mutual nuclear inspections.

Seoul's sales to North Korea totaled 8.86 million dollars during the first half of this year, down 31 percent from the same period the previous year, while purchases from the North increased 43 percent to 98.3 million dollars.

Seoul May Permit Daewoo Group Trip to Pyongyang

SK1607103392 Seoul YONHAP in English 0628 GMT 16 Jul 92

[Text] Seoul, July 16 (YONHAP)—The government may allow the Daewoo business group to send a feasibility study team to North Korea for a joint venture industrial complex, a South Korean official said Thursday.

The official, speaking on condition of anonymity, said positive considerations were likely to be given to the team's dispatch timed with North Korean deputy premier Kim Tal-hyon's visit to South Korea.

There is no change in the government's position that inter-Korean economic cooperation should be promoted only when North Korea commits itself to solving the nuclear issue, the official said, adding the dispatch of the fact-finding team to the Nampo Industrial Complex was judged not to run counter to the government's position.

Daewoo group Chairman Kim U-chung and North Korean Deputy Premier Kim agreed in Pyongyang in January to build an industrial complex in Nampo near the North Korean capital of Pyongyang.

"North Korea may come up with a sincere attitude in such sticky matters as the nuclear issue on the occasion of the deputy premier's visit. In that case, we may need to become flexible toward North Korea," the official said.

He ruled out optimism that the dispatch of a team to the North would mean materialization of a joint venture with North Korea.

"The joint venture project may come true only after the nuclear issue is solved and a joint commission for exchange and cooperation goes into full operation," he said.

Inter-Korean Trade, Investment Face 'Barriers'

SK1607040692 Seoul YONHAP in English 0225 GMT 16 Jul 92

[Text] Seoul, July 16 (YONHAP)—North Korean Deputy Premier Kim Tal-hyon's week-long visit to Seoul from Sunday is focusing interest on how structural barriers to trade and investment expansion will be removed.

South and North Korea are yet to make any meaningful progress in their talks on investment protection and structural mechanisms to prevent double taxation.

Also problematic is the vague wording of North Korean regulations on joint-ventures with foreign companies.

The current law states that joint-venture corporations can export their products, but there is confusion on the possibility of sales in the North Korean market.

The joint-venture law restricts the channel for raw material supply and product sales to North Korean trade organizations, and allows foreign workers to send only 60 percent of their pay abroad.

Insufficiencies in infrastructure and energy are a great minus, especially as improvement will be difficult for some time.

The South Korean Trade and Industry Ministry reports that there has been no South Korean investment in North Korea although the number of company requests to contact North Korean citizens jumped from 25 last year to 59 in the first half of this year, showing how investment in North Korea is severely hampered by the current conditions.

Structural mechanisms for direct trade such as procedures for payment and claims settlements and opening of shipping routes are either lacking or unsatisfactory.

Sales to South Korea are restricted by the low quality of North Korean products and by limited production capability, and import capability is restricted by low foreign credit and foreign currency shortages.

Inter-Korean trade in the first half of this year was up 31 percent from last year at 106,891,000 dollars, but the amount of South Korean sales to North Korea, mostly of raw materials, fell 31 percent to 8,861,000 dollars.

Procedural problems can be worked out through the inter-Korean Exchanges-Cooperation Commission, but such problems as North Korea's customary practices, lack of information arising from a closed society, and economic deficiencies demand much time and patience by South Korean firms waiting to make investments, officials said.

DP Urges Caution in Dispatch of PKO Troops

SK1507064192 Seoul YONHAP in English 0536 GMT 15 Jul 92

[Text] Seoul, July 15 (YONHAP)—The leading opposition Democratic Party (DP) urged the government Wednesday to tread lightly on the sending of the infantry to U.N. peacekeeping operations (PKO).

The party fully conceded that PKO participation was the duty and right of a member of the United Nations, but added, "However, to send arms-bearing infantrymen to oversee cease-fires in conflict-stricken region would bring forth many problems."

In a statement on PKO participation, the party said the dispatch might upset South Korea's military relationship with North Korea and result in loss of soldiers.

The DP said it could not but question the motive behind the Defense Ministry's hasty decision to send troops abroad without an official request from the United Nations or the countries at war.

The party insisted the government act on such important issues as dispatching an armed force abroad only after suprapartisan discussions with the opposition.

UN Human Rights Committee Views Seoul's Report

SK1507023192 Seoul YONHAP in English 0107 GMT 15 Jul 92

[Text] Brussels, July 14 (YONHAP)—The Human Rights Committee registered concern Tuesday that South Korea's anti-communist National Security Law could be abused and urged its modification.

South Korea, under committee review for the first time, submitted its human rights report in July last year.

The committee focused on court procedures in criminal cases, capital punishment, application of the National Security Law, and women's and children's rights during the three-hour session, the Korean delegates said.

While giving Korea overall positive marks, the committee expressed concern at the Security Law, which prohibits unauthorized contact with rival North Korea and punishes sympathizers with North Korean ideologies.

The committee recognized Seoul's special circumstances arising from national division, but noted the recent thaw in the cold war and progress in inter-Korean dialogue, the delegates said.

Arbitrariness in application and limit on people's political choices were key problem elements pointed out by the committee, and South Korea was told it needed to make fundamental changes in the law, they said.

Addressing the human rights conditions since President No Tae-u took office in 1987, the committee rated highly changes such as eased regulations against mass assembly, modification of the National Security Law, and wider public participation through local autonomy, according to the delegates.

Chief delegate Pak Su-kil, ambassador to Geneva, will answer the committee's questions in the second session, Wednesday.

Korea joined the International Covenant on Civil and Political Rights in April 1990, and submitted its first report in July last year.

The committee will submit its review report on Korea to the U.N. Economic and Social Council's General Assembly next year.

UPP 'May' Split From Opposition Alliance

SK1607042292 Seoul THE KOREA HERALD in English 16 Jul 92 p 2

[By staff reporter Choe Sang-hun]

[Text] Chong Chu-yong yesterday said that his United People's Party [UPP] might soon decide to return to the National Assembly which is deadlocked over the timing of local polls.

The UPP leader and presidential candidate reiterated that the leaders of three major parties should immediately meet to negotiate an end to the weeks-long parliamentary paralysis.

If such a tripartite meeting does not come to pass, Chong told reporters, "We may decide to go our own way this weekend." He was referring to a party caucus to be held in Kyongju City Friday to Sunday.

The proposed meeting, however, is unlikely to materialize, because main opposition Democratic Party [DP] leader Kim Tae-chung snubbed the idea while talking to Chong Tuesday night.

While commenting on the stormy talks with Kim, Chong said, "Our party hasn't budged from the belief that the political parties should return to the Assembly to address bread-and-butter economic issues."

Chong said a majority of people supported his party's decision and the party would honor their view.

Asked about the probability that the UPP would end its boycott of Assembly activities next week, Chong said he would respect any decision this weekend's party caucus reaches.

"At a time when there are mountains of work to do, we cannot let the Assembly sit idle," he added.

He said he was willing to meet with ruling party leader Kim Yong-sam to discuss normalizing the operation of the Assembly. The current 30-day Assembly session has been adjourned as the two opposition parties jointly boycotted it in protest against the ruling party's plan to postpone the local polls.

Chong's remarks removed the veil over a looming split in the so-called "opposition alliance."

Chong and Kim Tae-chung concur that the local polls for mayors, governors and other local administration chiefs must be held within this year. But regarding how to fight the ruling Democratic Liberals' decision to postpone the polls, the two leaders remain apart, jeopardizing the opposition alliance they forged to block the ruling party from dominating parliamentary operations.

Chong suggested that the three party leaders meet to negotiate an end to the parliamentary stalemate, but DP leader Kim Tae-chung maintained that he would not meet with Kim Yong-sam, much less bring his party back to the Assembly, unless the ruling party agrees to hold the local polls within this year.

"We found that we had the same goal, but we disagreed on how to achieve that goal," Chong said yesterday adding that the two opposition parties will continue working-level talks to keep their alliance afloat.

Chong hopes that the opposition will be able to elicit a compromise from the Democratic Liberal Party on the local election issue by driving the government into a corner over suspicions regarding major government-initiated public projects and the latest land scam.

Meanwhile, many observers viewed that the present Assembly session would remain deadlocked until it closes at the end of this month.

DP leader Kim Tae-chung is not likely to change his mind, and a high-placed ruling party official hinted that his party would not attend the Assembly session if the UPP only wanted to join it.

The secretaries-general of the three major parties are to meet today to discuss parliamentary operations.

Prosecution Questions 'Key Figure' in Land Fraud

SK1607105892 Seoul YONHAP in English 0638 GMT 16 Jul 92

[Text] Seoul, July 16 (YONHAP)—The Seoul district prosecution said Thursday it will seek an arrest warrant for Kim In-su, a key figure in the multibillion won scam involving plots of land owned by the Army Intelligence Command.

Kim, 40, gave himself up to authorities Wednesday [15 July] and an overnight questioning revealed that he took 3 billion won from Chong Myong-u and Chong Yong-chin, president of Sangmoo Construction Co., and his band of swindlers.

Kim told investigators that Chong and he signed a contract with Kim Yong-ho, a civilian employee of the Joint Chiefs of Staff Headquarters, to buy 17,000 pyong (one pyong equals three square meters) of land owned by the Army Intelligence Command.

Chong and Kim divided the land with 10,000 pyong going to Chong and Kim In-su getting the rest of 7,000 pyong. Kim, however, subsequently gave up his share of land to Chong for 3 billion won.

Of the 3 billion won, Kim told the prosecution that he gave 500 million won to Kim Yong-ho, 250 million won to Yim Hwan-chong, vice president of Myonghwa Construction Co., and 450 million won to Sin Chun-su who introduced him to Kim Yong-ho.

Kim said he took 1.8 billion won and spent as personal expenses.

Kim Yong-ho defrauded Chong and Kim In-su by providing them with a bogus contract for the Army Intelligence Command land.

Chong Myong-u and his group of swindlers, in turn, defrauded First National Life Insurance Co. by offering the land.

The prosecution, also, questioned Ha Yong-ki, president of the First National Life Insurance, and determined that Ha, contrary to his earlier testimony, had been involved in the scam.

Ha told investigators that he approved the plan worked out by Executive Director Yun Song-sik to purchase 3,000 pyong of the Army Intelligence Command land to build a company building on it.

In connection with the proposed purchase, Ha said he has received reports Yun on bank deposits totaling 23 billion won and the issuance of draft bills for 43 billion won. [sentence as received]

With regard to Kim In-su, the prosecution said it questioned him to find out how he had come to introduce Kim Yong-ho to the Chong group and how he enticed Kim Yong-ho to write a bogus contract to sell the Army Intelligence Command land.

The prosecution also looked into his possible connection with influential figures in the military and political circles. Kim has told the prosecution that there were no prominent figures behind the scam.

Survey of Public on Future Economic Conditions

SK1607063992 Seoul THE KOREA TIMES in English 16 Jul 92 p 7

[Text] Half of South Koreans believe the economy will worsen in the second half of the year, and 78 percent expects continued price increases, according to a telephone survey of 500 adults by Research and Research.

The firm said that 28.4 percent of the people expect the economy to rebound later this year, 19.6 percent think it will stay about the same, 3.2 percent are unsure, and 48.8 percent think the economy will get worse.

People living in big cities are especially pessimistic about the economic outlook, with 68 percent of Seoul residents expecting further bad news.

By occupation, 60 percent of company owners and 63.8 percent of office workers were pessimistic. Higher incomes seemed to breed pessimism, as 30.8 percent of those earning 500,000 to 1 million won a month predicted the economy will get better, but only 18 percent of those earning 1 million to 1.5 million won expected an economic rebound.

On price stability, only 12.2 percent expected prices to stabilize, while 77.8 percent expected further increases.

Those expecting a continued fall of stock prices outnumbered those projecting an upturn 44.4 percent to 21.2 percent, while 15.6 percent expected little change and 18.8 percent did not know.

On real estate prices, 21.4 percent percent projected rises, 21.4 percent expected little change, 9 percent did not know, and 47.8 percent saw a drop in prices.

An atmosphere of real estate price stability seems to be taking hold. Last November, 41 percent expected prices to rise and 29.7 percent thought they would fall.

List of Foreign Ministry's Appointments Noted

SK1607062392 Seoul YONHAP in English 0505 GMT 16 Jul 92

[Text] Seoul, July 16 (YONHAP)—Pan Ki-mun, special assistant to the foreign minister, was appointed minister to the South Korean Embassy in Washington on Thursday.

Kim Chang-kon, ambassador to Costa Rica, was named minister to Russia in a Foreign Ministry appointment.

Choe Song-hong, consul-general to Montreal, will return to Seoul as director-general of the European Affairs Bureau. He replaces Kwon Yong-min, who will go to Atlanta, Georgia, as consul-general.

Yi Won-yong, who was minister to Russia, will return as deputy director-general of the European Affairs Bureau.

Chang Se-ton, deputy director-general of the Information and Cultural Affairs Bureau, was named consul-general to Las Palmas, Spain. He is replaced by Shim Kyung-bo, who is with the Foreign Ministry's Institute for Foreign Affairs and National Security.

Pae Tae-su, assistant to the foreign minister, was named consul-general to Niigata, Japan.

Chong Tae-ik, director-general of the American Affairs Bureau, will take over Pan Ki-mun's place as South Korean-side vice chairman of the inter-Korean Joint Nuclear Control Commission.

More on Ministry's Appointments

SK1607111292 Seoul YONHAP in English 0758 GMT 16 Jul 92

[Text] Seoul, July 16 (YONHAP)—The Foreign Ministry on Thursday appointed Minister to Washington Kim Pong-kyu and Consul-General to Atlanta Kim Hyon-kon back to headquarters.

Yu Pyong-hun, consul-general to Las Palmas, was assigned to the Ministry's Institute of Foreign Affairs and National Security (IFANS) in Charge of Western Europe and Middle East Research.

Yi Tong-sun, consul-general to Niigata, also returns to IFANS China Research Department.

Yi Kyu-hyong, former director of United Nations Department I, leaves for study at Harvard University.

Burma

Government Shifts Policy on Logging Concessions

BK1607012992 Bangkok THE NATION in English 16 Jul 92 p B8

[Text] Burma has switched to bartering, joint ventures and local development to exploit its logging resources, instead of granting outright concessions to Thai companies.

Growing international pressures for environmental protection forced Burma to shift its policy and stop granting concessions to foreign loggers. Santi Wayakhonwichit, chairman and chief executive officer of Santi Forestry Group, which has concessions in Burma, said it is unlikely that Burmese authorities would renew concessions which expire in the near future.

Santi Forestry holds logging concessions along the Burmese border opposite Thailand's Mae Saliang District in Mae Hong Son. Santi said logging activity along the border is likely to be phased out because of international pressures. Burma's gains from the activity are not worth international sanctions, he added.

He said Thai firms are also increasingly reluctant to operate in the border areas which are controlled by ethnic groups, because of safety factors and additional expenditure caused by ethnic rivalry.

Wira Tanchukiat, managing director of TCK Sawmill Co, said the firm's concessions near Santi Forestry's will expire late next year. He agreed that Burma might not extend the concessions once they expire. He said Burma has faced sanctions from international environmental groups and the World Bank on grounds of forest destruction.

The Thai government's policy towards Burma is also an important factor regarding the latter's policy on logging activity. He said there are now only 10 Thai firms engaging in logging in Burma, down from a peak of 24.

However, he said, Burma has already switched to other methods to utilize its resources. For instance, Thai firms could be invited to take part in local development projects or to barter for logs. In this regard, firms will work in inner areas which are under Rangoon's control. So far, two or three firms have started work.

Santi Forestry and TCK Sawmill have formed a joint venture to fell trees along a rail route as part of a local development project. The project is expected to yield 10,000-20,000 tonnes of wood for export to Thailand and other countries.

Thai Sawat Import-Export Co, meanwhile, has bartered palm oil for logs. Burma also has a demand for water pipelines. Sawai Pongthep Rosarat, managing director of Thai Pong Sawmill Co, said Burma has also received proposals for joint logging ventures to replace the concessions. Thai Pong holds logging concessions near Mae Hong Son province.

Sawai said a sharp discrepancy in exchange rates, however, has put Thai firms at a disadvantage. The Burmese government will use the official rate of 70-80 kyat to US$1, whereas the private sector gets only six kyat to the dollar.

Massive Raw Opium Seizure in Northeast Reported

BK1607094992 Rangoon Radio Burma in Burmese 1330 GMT 15 jul 92

[Text] Defense service personnel, people's police force members, and Customs Department officials are working hand in hand with the public in various aspects of the control and suppression of narcotic drugs. A combined team of defense service personnel, Kutkai township people's police force members, and respective village law and order restoration council members, acting on a tipoff, searched a house which belongs to (Akhaungyi) in Panlonmaw village, (Natmon) village tract, Kutkai township at 1300 on 6 July.

House owner Khaung Moe, Hao Supan, Lao Chu, Hao Kwepong, Lao Ngansan, Tong Kyan, and Myint Wun, were arrested while weighing raw opium in the room. Altogether, 164.035 kg of raw opium was seized—26 balls of raw opium weighing 92.754 kg were seized from the house, 20 balls of raw opium weighing 43.52 kg from the basement, and 27.761 kg raw opium wrapped in a gunny sack from the cow shed.

House owner Khaung Moe and the above-mentioned persons, who were involved in the act of weighing raw opium, were booked with first- hand report case no. 18/92, and under 6-A, 6-B, 10-B, 11, and 14-D of the Narcotic Drugs Law by the Kutkai township police station. People's police force members are making investigations for the arrest of other ring members.

Cambodia

Sihanouk Accepts Aid Package Over KR Objections

BK1607100892 Hong Kong AFP in English 0919 GMT 16 Jul 9

[By Sheri Prasso]

[Text] Phnom Penh, July 16 (AFP)—Prince Norodom Sihanouk, chairman of the Supreme National Council (SNC), overruled Khmer Rouge [KR] objections to an international loan Thursday and endorsed financial aid to keep the Phnom Penh Government running, United Nations sources said.

Meanwhile, UN peacekeepers said attacks by the Khmer Rouge seemed to have abated following the capture of six villages in northern Cambodia and the shelling of the Kompong Thom provincial capital this week. No new attacks were reported, UN military spokesman Lieutenant Colonel Dick Palk said.

At an SNC meeting, the Khmer Rouge objected to a proposed 74.4 million dollar Asian Development Bank

(ADB) soft loan that would help develop the war-devastated transport, power, agriculture and education in Cambodia. But Prince Sihanouk, saying Cambodia cannot afford to delay its badly needed rehabilitation, made his first firm ruling as SNC chairman and said the loan should go ahead, UN officials who attended the meeting said.

In all, the SNC adopted 150 million dollars worth of projects to help train demobilized soldiers for jobs, build bridges, and provide health care and literacy training. The Khmer Rouge agreed to these projects.

Prince Sihanouk's ruling cleared the way for budgetary support from the United Nations destined to pay salaries of teachers, health workers, and judges in the zones of the four previously warring factions. Civil servants in ministries would not be covered, said Berndt Bernander, the director of rehabilitation and reconstruction in the UN peacekeeping operation. "We'll keep well out of the central administration," he said.

The Khmer Rouge said budgetary support payments benefit the Phnom Penh Government, which controls 80 percent of Cambodia. In the faction's view, the ADB loan contains a small section for the provision of fertilizer that constitutes direct support to the Phnom Penh Government, Bernander said.

The Khmer Rouge have repeatedly called for the dismantlement of the Phnom Penh Government before laying down their arms and joining the peace process.

"International aid and assistance, especially budgetary and hard currency support—grants or loans—would actually boost the value of the riel (currency) which the Vietnamese occupying forces and the Phnom Penh party have been using to serve their occupation of Cambodia," Khmer Rouge nominal leader Khieu Samphan said at the meeting.

UN peacekeeping chief Yasushi Akashi said at the meeting that Khmer Rouge opposition to international lending would deprive the country of 150 million dollars of rehabilitation work. "There is no justification, and I repeat no justification, for resisting or denying assistance, whatever its nature so long as the intended beneficiaries are the Cambodian people," Akashi said.

An ADB team would have to negotiate whether to include the fertilizer provision, worth less than five million dollars, in the loan, Bernander said.

The Phnom Penh Government currently has only 40 to 60 percent of its budget financed by revenues, he said.

Khieu Samphan also presented a statement to the SNC denying Khmer Rouge complicity in attacks on UN vehicles, calling the charges "pure slander made with a politically ill intention."

There have been five attacks on UN helicopters in recent weeks and one on a UN transport plane, several in areas under Khmer Rouge control. In one case the UN military observers in Pailin, the Khmer Rouge nominal headquarters, wrote to the faction's leadership to ask them to stop agressive action.

The strongly worded Khmer Rouge retort to the accusation also denied a report that its guerrillas have been offered 3,500 dollars to shoot down UN helicopters.

2,778 KPNLF Fighters Surrender to UNTAC

BK1507135992 Hong Kong AFP in English 1126 GMT 15 Jul 92

[Text] Banteay Meanrith, Cambodia, July 15 (AFP)—More than 2,000 members of the Khmer People's National Liberation Front (KPNLF), one of Cambodia's guerrilla groups, surrendered to UN peacekeepers Wednesday at the dusty border camp here.

The 2,778 KPNLF fighters laid down their arms in an hour-long ceremony presided over by Yasushi Akashi, the civilian head of the UN Transitional Authority in Cambodia (UNTAC), and General John Sanderson, its military chief.

The non-communist guerrillas were led by their supreme commander, General Sak Sutsakhan, and his deputy, General Dien Del.

They also surrendered 7,648 weapons, including T-54 tanks, armored personnel carriers, artillery pieces, rocket-fired grenades, machine guns and AK-47 and M-16 assault rifles.

Following an hour of speechmaking, during which the guerrillas pledged to uphold the October 1991 Paris accord that officially ended the war in Cambodia, General Sak surrendered his rifle and a flock of doves was released as symbols of peace.

The KPNLF guerrillas were from five camps in Cambodia—Banteay Meanchey, Suksan, Kampong Thom, Thmar Pouk and Baan Chian, all in the northwest of the country.

KPNLF leaders said they still had 5,727 men under arms who would begin surrendering later this month.

The Paris peace accord calls for the Vietnamese-installed government in Phnom Penh and the three guerrilla groups that oppose it to disarm 80 percent of their armies and send the fighters to cantonments under UN supervision.

Akashi said there was no choice for the Khmer Rouge but to cooperate with the peace plan.

"Fighting is easy, but keeping the peace will be much more difficult," he said.

The KPNLF and forces loyal to former Cambodian ruler Prince Norodom Sihanouk have generally complied with the cease-fire. But the communist Khmer Rouge have continued to attack government positions in an effort to expand the territory it controls before the UN troops deploy and freeze the battle lines.

UNTAC's mandate also calls for it to supervise elections in Cambodia early next year.

Hor Namhong Says Khmer Rouge Must Be Condemned

BK1607065292 Phnom Penh SPK in French 0425 GMT 16 Jul 92

[Text] Phnom Penh 16 Jul (SPK)—"The international community must force the Khmer Rouge to reconsider their position and implement the peace accords, otherwise they must be condemned," said Mr. Hor Namhong, foreign minister of the State of Cambodia, during his meeting in Phnom Penh on 10 July with Mr. Leopoldo Ferri de Lazara, Italian ambassador to the Supreme National Council of Cambodia (SNC).

Mr. Hor Namhong, member of the SNC, informed his guest of the situation, especially the state of the implementation of the Paris accords. Notably, he told him he was concerned by the Khmer Rouge's refusal to take part in the second phase of the peace plan and continuing insistence on the dissolution of the Phnom Penh Government, "a move that is not mentioned in the accords at all," he stressed.

"The State of Cambodia gave UNTAC (UN Transitional Authority in Cambodia) carte blanche to investigate the so-called presence of Vietnamese combatants as denounced by the Khmer Rouge, but Mr. Yasushi Akashi, head of UNTAC, affirmed that such a problem does not exist," stressed the head of Cambodian diplomacy.

The Italian ambassador pledged to do his best to improve the relationship between the two countries and to contribute to Cambodia's reconstruction.

UNTAC Said Seeking To 'Crush' Khmer Rouge

BK1607030192 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 16 Jul 92

[Station commentary: "There Are Many Hundreds of Issues That Affect the Cambodian People's Fate and Future"]

[Text] Since the existence of the 23 October 1991 Paris accord, the Cambodian people from all walks of life in and out the country have placed their ardent hope on the implementation of the accord by all the parties concerned. The people believe that if the essence of the accord is correctly implemented in an orderly manner, it is certain that Cambodia will regain peace, independence, and national unity and reconciliation. However, for nearly eight months the people's ardent hope has been fading because they have seen that the application of the accord has not yet made any significant headway:

1. The verification of the withdrawal of all categories of Vietnamese aggressor forces from Cambodia, which is the key and primary issue of the accord, has not yet been tackled.

2. The issue of the role of the Supreme National Council [SNC] as a unique source of authority in Cambodia during the transition has not yet been resolved. The Phnom Penh regime that the Vietnamese aggressors installed in the wake of their invasion is seen to continue administering state affairs across Cambodia.

3. The people have seen that UNTAC [UN Transitional Authority in Cambodia] has not settled the two aforesaid issues; instead, it appears that UNTAC needs to keep away from the two major issues.

4. In addition, the people have also seen that the UNTAC seems to be striving to further maintain the Vietnamese aggressor forces in Cambodia for the purpose of using them as a main force to attack and crush Democratic Kampuchea.

5. The people have followed the fact, and unambiguously noted, that the UNTAC and the Western superpowers have not so far implemented the 23 October 1991 Paris accord in the interests of the four parties, as stipulated in the accord. They are striving to do whatever they can to execute the accord with the aim of establishing only two parties in Cambodia under the control of the regime the Vietnamese installed in 1979.

The people ask whether the implementation of the Paris accord by the UNTAC and Western superpowers to create only two parties within the regime of the Vietnamese aggressors is in conformity with the genuine essence of the 23 October 1991 Paris accord and the UN Charter. Is it not dangerous for Cambodia's independence, peace, and national reconciliation? Are the victims of violent abuse willing to remain passive? How will this affect regional security? These are the multifaceted issues that affect the fate and future of the Cambodian people.

UNTAC-Marked Trucks Said Carrying War Supplies

BK1607025692 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 15 Jul 92

[Text] It has been noted that in the regions under their temporary control, Vietnamese aggressors and their traitorous puppets and lackeys have used trucks with UNTAC [UN Transitional Authority in Cambodia] signs to carry war materiel, food supplies, and ammunition. As a matter of fact, the Vietnamese aggressors and their traitorous puppets and lackeys on 10 July used six trucks with the UNTAC trademark to ship war materiel and foodstuffs to their forces from Division 92 stationed in Banan, Division 196 at Kamping Puoy, and Division 6 in Bavel of Battambang Province.

The people in Battambang Province are furious at the activities committed by the Vietnamese aggressors and their traitorous puppets and lackeys that breach and destroy the Paris accord. They ask whether UNTAC is aware of these occurrences. The people say if the withdrawal of the Vietnamese aggressors from Cambodia is not verified in compliance with the Paris accord and if the Yuons [derogatory term for Vietnamese] and puppets use trucks with the UNTAC trademark to carry all kinds of war materiel for the purpose of furthering the massacre of the Cambodian people, what will become the role of the UN Transitional Authority in Cambodia, which is supposed to implement the 23 October 1991 Paris accord? And what will become of the influence of the United Nations, which is the world's supreme platform?

Hun Sen, UNTAC Official Review Supervision

BK1507120992 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 14 Jul 92

[Text] On the morning of 13 July at the office of the Council of Ministers, His Excellency [H.E.] Hun Sen, vice chairman of the Cambodian People's Party [CPP] Central Committee, chairman of the Council of Ministers of the State of Cambodia [SOC], and member of the Supreme National Council, held a cordial meeting with Mr. Gerard Porcell, UNTAC [UN Transitional Authority in Cambodia] civil administration chief. Mr. Porcell briefed H.E. Hun Sen on UNTAC's past supervisory activities in various provinces, saying the supervision was to determine the working relationship between the government and the provinces but not to provide them with any technical assistance. This is aimed at improving the working methods of the existing structure.

For his part, H.E. Hun Sen said that although the supervision was not technical assistance, we might as well take advantage of it to streamline the structure of our SOC. He asked UNTAC to simultaneously supervise other parties and urged it to also make use of their radios, as it is currently using the SOC's, to broadcast news about UNTAC activities.

Khmer Rouge Shell Kompong Thom Town 14 Jul

BK1607063892 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 16 Jul 92

[Text] At 2030 on 14 July, Khmer Rouge forces launched an attack against our State of Cambodia by firing seven [word indistinct] rockets on a township of Kompong Thom Province—one of the shells landed near the local UNTAC [UN Transitional Authority in Cambodia] headquarters and another in the provincial communications office, killing one, wounding two oxen, and damaging a bicycle and a warehouse. The provincial authorities wish to protest to UNTAC about the breach of the Paris accord committed by the Khmer Rouge elements. UNTAC is invited to intervene immediately so as to eliminate the people's terror.

National Bank Urges Public To Accept Banknotes

BK1507124992 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1200 GMT 15 Jul 92

[10 July communique of the National Bank of Cambodia—read by announcer] txt

[Text] The National Bank of Cambodia informs the general public that the 10-riel, 20-riel, and 50-riel banknotes that the state has put into circulation since 1980 remain legal tender as usual; the National Bank of Cambodia has never withdrawn them from circulation. For this reason, the general public is requested to accept and use them as before so as to avoid fueling rumors that might be detrimental to order and social stability.

Phnom Penh, 10 July 1992
[Signed] For the National Bank of Cambodia by Chairman Cha Rieng

Security Ministry Warns on Non-Acceptance

BK1507125392 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1200 GMT 15 Jul 92

[10 Jul communique of the Ministry of National Security—read by announcer]

[Text] Over the past few days in all marketplaces in Phnom Penh and a number of provinces, there have been occasions in which 10-riel, 20-riel, and in some areas 50-riel banknotes are being rejected. The Ministry of National Security would like to inform all state institutions, all social organizations, the general public, and the people's police forces that refusing to accept these banknotes is an act that completely contravenes the law of the state and constitutes an attempt at economic sabotage, seriously affecting the livelihood of the people, especially the poor.

As of the day this communique is issued, the Ministry of National Security would like to appeal to the general public to be on the lookout for any person who, in the transaction of all denominations of the riel banknotes, refuses to accept them or depreciates their face value, and to immediately report him to the nearest people's police forces.

Issued in Phnom Penh on 10 July 1992
[Signed] General Sin Song, minister of national security

Laos

Thai Paper's 'Slandering' Article Denounced

BK1507124192 Vientiane Vitthayou Hengsat Radio Network in Lao 0500 GMT 14 Jul 92

[PASASON 14 July article: "What Is the Purpose of Painting Other People Black?"]

[Text] Thailand's English-language newspaper THE NATION on 28 June carried a special article written by a person who claimed to be a special correspondent stationed in Vientiane. The article pointed out many alleged weak points in Lao society—including in the economic, social, and bureaucratic spheres—for the purpose of ridiculing Laos. In addition, the article slandered Laos with regard to its relations with some fraternal countries. Most serious of all, the article even painted a bad picture of the Lao leadership and administration at various levels in managing the economy, social life, and the daily life of state employees and multi-ethnic people.

If one thoroughly scrutinizes all the points in THE NATION's article, one can clearly see that they are nothing but statements frequently uttered by the rightist reactionaries, who have tried in every way to slander the Lao People's Democratic Republic [LPDR], which has been established with tremendous sacrifice by the Lao people. These reactionaries have gathered news on the weak points of the LPDR with a view to inciting unrest among our people and creating division between the party-state leadership and people.

What is the objective of THE NATION's article in painting other people black?

The article is aimed at serving the exiled Lao reactionaries and some bad elements who harbor ill intentions toward the LPDR. The article also leads the world people into developing a negative attitude toward the LPDR.

Generally speaking, all countries in the world, be they underdeveloped or affluent, have passed through similar stages of development. That is, they have attained progress while facing negative phenomena. Even fully developed countries cannot have everything they want nor can they enjoy peace and order at all times. All countries, be they developed or underdeveloped, have weak points and shortcomings.

Even one of Laos' neighbors that is advancing toward the status of being an NIC [newly industrialized country] has also consistently experienced untoward incidents and chaotic developments, including famine, unemployment, beggary, epidemics, and murders arising from conflicts of interest. Greed, corruption, and swindling remain prevalent. Only a handful of people are rich and well off while millions of their fellow countrymen remain poor and can barely make ends meet. Even though the government in each country has tried to resolve these problems, it is unable to do away with the problem of poverty overnight. Thus, it is convenient to look for certain weak points, such as a state of poverty, confusion, and notoriety, in countries for the purpose of slandering them, be they underdeveloped or developed nations.

Therefore, it is apparent that THE NATION's article slandering Lao society and the Lao leadership is but a display of an evil and unfriendly intention on the part of some bad elements who hope to paint a grim and dark picture of the LPDR.

Thai-Lao Border Security Committees Meet in Laos

BK1507054292 Bangkok Army Television Channel 5 in Thai 1230 GMT 14 Jul 92

[Text] A meeting of the Thai-Lao border security committees was held at the municipal meeting hall of Bolikhamsai in Paksan, Laos. The Thai delegation was led by Colonel Samroeng Chantharukha, head of the Thai-Lao military committee on border coordination, and the Lao delegation was led by Colonel Phommachak Soutthisan, head of Lao-Thai military committee. Several issues were raised for discussion at the meeting. Thailand asked Laos to review the problems of illegal immigration, border smuggling, and repatriation of civilians arrested on the Lao river bank. The meeting was marked by a friendly atmosphere. Both sides exchanged views on a broad scale.

After the meeting ended, the head of the Lao delegation granted an interview during which he categorically denied a report accusing Laos of engaging in military training in chemical warfare with other countries. He said the report was baseless and a fabrication by ill-intentioned people intending to slander Laos. He noted that in order to achieve greater cooperation, work must be carried out at local level. Although he was quite satisfied with progress so far, he still wished for more.

Colonel Bandit Niamphan, the newly appointed [as heard] head of the Thai-Lao military committee on border security coordination, noted that Thai-Lao relations are good and without conflict. He said the Thai side will work to strengthen relations at a local level in the areas along the border in all Thai provinces bordering Laos.

Army Chief Holds Talks With PRC Army Official

BK1507124792 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 15 Jul 92

[Text] A report from Beijing said General Yang Baibing, secretary general of the Central Military Commission and director of the General Political Department of the Chinese People's Liberation Army, held talks with the delegation of the General Political Department of the Lao People's Army [LPA] at Diaoyutai Guest House in Beijing on 12 July. The Lao delegation was headed by Lieutenant General Osakan Thammatheva, deputy minister of national defense and chief of the LPA General Political Department.

The host and his guests exchanged views on relations between their two countries and armies. At the same time, they also informed each other on the situation of political work of the two countries and armies.

Osakan Thammatheva and his delegation arrived in Beijing on 12 July at the invitation of the General Political Department of the PLA. Besides Beijing, the Lao delegation will also visit Shanghai and Kunming.

Border Security Measures Discussed With SRV

BK1607094592 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 16 Jul 92

[Text] Recently in Dakchung District, Sekong Province, the administrations of Laos' Dakchung District and SRV's Dac Lai District, Gia Lai-Cong Tum Province, held a consultative meeting to discuss improvement of measures deemed necessary for security maintenance of their common border.

The improved measures included those against illegal smuggling across the border. All this was to ensure the effective implementation of rules and regulations in an agreement on border issues signed by the Lao and Vietnamese Governments on 1 March 1990 in Ho Chi Minh City.

Khammouane Set To Receive Repatriated Refugees

BK1507131192 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 15 Jul 92

[Text] In early July the social welfare service office of Khammouane Province held a ceremony to welcome 91 Lao refugees who were voluntarily repatriated from the Napho refugee camp in Thailand. Of all the refugees, 44 were originally from Thakhek District, 17 from Nongbok District, six from Se Bangfai District, and 24 from Hinboun District.

The chief of the provincial social welfare office said that in late June his office welcomed back 24 Lao refugees repatriated from Yunnan Province in China under the sponsorship of the UN High Commissioner for Refugees. Those refugees were also natives of Khammouane Province. He went on to say that in September 1992 the province expects to welcome back an additional 195 Lao refugees who will be voluntarily repatriated to their native villages here.

Confiscated Drugs Burned in Khammouane Province

BK1507103292 Vientiane KPL in English 0902 GMT 15 Jul 92

[Text] Vientane, July 15 (KPL)—Recently, representatives of the court, police, customs of central Khammouane Province witnessed the burning of about 50 kgs of marijuana.

The amount of marijuana bought from Savannakhet was seized in March by customs officers and the person who carried the drug was tried. The person was found guilty under the Articles 44 and 135 of the Criminal Code.

Foreign-Supported Robbers Plunder Border Village

BK1607101192 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 16 Jul 92

[Text] At about 1430 on 8 July, a group of bandits living in a foreign country sneaked inside Laos to commit another cruel and savage act against the Lao people in Ban Na Deua Village, Sanakham District, Vientiane Province.

While most of the villagers were working in their groves and ricefields, the robbers intruded into the village and forced the remaining villagers, most of whom were the aged and children, to assemble. Some of the robbers then separately searched each house and took away money and valuable property.

Then, amidst protests from the villagers, the bandits set fire to their houses and rice barns which had been built through generations of hard labor. The robbers also did not heed their pleas for mercy.

Before leaving, they dragged out an old man and stabbed him twice in his chest and left the knife in the second wound. Even worse, a robber then slashed the man on the forehead with a cleaver, causing his death instantly.

The incident witnessed by the Ban Na Deua villagers was another cruel and savage act against Lao people as a whole, and the people of Sanakham District, Vientiane Province in particular.

According to an initial estimate, the robbers burnt and destroyed 63 houses at Ban Na Deua, one elementary school, 38 rice barns, five ploughing mechines, 10 paddy silos, 16 sewing machines, 37 bicycles, five television receivers, one refrigerator, and one mini sewing machine. The total cost of the loss including the amount stolen are not yet available.

The incident shows that the robbers and bad elements, who are supported by foreign country, have not only failed to abandon their vicious schemes but also caused losses and damages to the Lao people. Their actions were aimed at destroying the task of national construction and the peaceful life and well-being of our Lao people.

All Lao people are overwhelmed by anger and vengence by the incident. More than before, the Lao Army and the people must now increase their awareness of self-defense, closely monitor the movements of these bad elements, and protect their homes and people. Whenever the enemies seek to commit any crimes, they must be resisted and penalized accordingly.

Philippines

Ramos Addresses Foreign Correspondents

HK1607085192 Quezon City Radyo ng Bayan in Tagalog 0510 GMT 16 Jul 92

[Speech by President Fidel V. Ramos during luncheon forum of Foreign Correspondents' Association of the Philippines at Rigodon Ballroom, Manila Peninsula Hotel, Makati—live; in English]

[Text] Mr. President, Vice President Bobby Tiglao, Director Bobby Coloma, the officers and directors of the

FCAP [Foreign Correspondents Association of the Philippines], other media practitioners present, my colleagues in government, ladies and gentlemen. First of all, let me assure you that Eddie Ramos as president will not always be as stern as this guy on the front cover of the CORRESPONDENT. But, if you look inside this magazine, I think you will find that Fidel V. Ramos as president will be more like him. Okay? Free copies of this will be distributed by Theresa later on. [laughter]

I was very pleased that you gave almost as much applause to the government officials that were introduced at the beginning of the lunch as the applause you did give to your own directors and officers. I assume that the romance between the FCAP and government is not yet over. And, I am especially intrigued that one of our officials, Commissioner Haydee Yorac, got the most applause of all. [applause]

I would like to thank the Foreign Correspondents Association of the Philippines, particularly your president, Don Jose Rodriguez, for this opportunity to address you at this luncheon forum. And, I was also delighted to discover that I have one commonality with your new set of officers—we were all elected in the month of May 1992.

This is your first luncheon forum under your new administration, and this is my first appearance before you under my new administration. And so, somehow because of this affinity, I have a strong feeling that we will get along quite well during your officers' term and mine.

One of the most significant legacy my distinguished predecessor has left is the freedom of the press. And, it is a legacy I am committed to honor and maintain, for I consider it one of the most sacred pillars of Philippine democracy.

I recall a meeting with ASEAN journalists, a few years back, who gave the opinion that there must be some degree of press control while our country is still aiming for peace and stability. This must have been dictated by their observation that our neighboring countries have left the Philippines behind in terms of development, but where the press may be less quick. I told our visiting friends from the ASEAN media, as I tell you now, that I prefer a free and even critical press to a docile and controlled one.

But, I must admit that the press has a very important role to play in any country's development, including and especially the Philippines. This is especially true of the foreign correspondents who beam our image to the world. If, for example the negative aspects of our peace and order situation are sensationalized abroad beyond the limits of accuracy, this will likely scare off foreign investors and tourists who could provide valuable inputs to our development efforts.

I therefore appeal to all of you to help communicate what my presidency is trying to do for our people and for the global community. Communicate my leadership philosophy, my agenda for the nation, my programs of action. All I ask from you is to convey the truth, although I have no reason to complain about the FCAP insofar as that is concerned.

What the president of this Republic says or what I have asked my official spokesmen or representatives to say is most important in terms of how these official statements are reported. There will be many occasions where my cabinet secretaries and I shall make ourselves available so that we can give to you complete details of our policies and programs, and where we can have meaningful discussions of issues and events.

I have even designated a presidential spokesperson in addition to the press secretary. And the two of them should adequately meet the need of media for stories. If any of you encounter difficulties in getting to any of them, just let me know. Your conduit would be Ness Isleta. [laughter]

As the president of our people, it is my duty to consciously and deliberately share my vision with them in order to establish a common direction, a common goal, as well as common programs. To appreciate our strengths; to rediscover our common identity, all of these we would want to harness together so that we can move faster; to nurture our shared values; to build on our common dream; to triumph as one people over the odds and adversities we face today, are all part of that vision.

To me it is the essence of leadership, that by my spoken words, men and women should be spurred to action, should be bound in unity, should see their potentials, and add value to their roles in nation building.

My communication effort is dedicated to a goal that has been quite clearly defined, and that is the empowerment of our people, especially the economic empowerment of our people. Trite as it may sound, I would like to assure you that in the agenda for people empowerment has been clearly thrashed out.

I have already directed the cabinet to draw up programs and realign their activities towards this thrust for the first 100 days of my administration. These programs fall under the following categories:

First, decentralization, which empowers our people by pushing down to the lowest levels of our social strata the decision-making processes;

Next, devolution, which empowers our people by handing over to their elected local leaders what used to be overly centralized powers and functions;

Next, deregulation, which empowers our people by opening wide the doors of opportunities in a free market; and

Lastly, but certainly not the least, democratization, which empowers our people by widening their participation in the ownership of enterprises and the other benefits coming from our democracy.

We also would want privatization to take place because this empowers our people by returning to their hands the ownership and management of businesses which its government has no business running.

The bottom line is we will return to our people the power, the real power, to shape the destiny of our nation.

While we call on our people to actively participate in their own governance, we are also determined to create an atmosphere that is conducive and safe for foreign investments and foreign investors. Thus, our encouragement of small livelihood enterprises, family-level, in the countryside as engines for economic growth, which will be complemented by the larger and national programs from abroad, to spur our industrialization. [sentence as heard]

The emphasis on deregulation and privatization are geared towards this end. We are in the process of dismantling protectionist barriers and providing the proper incentives and support to industries. We are re-examining laws that restrain the exercise of a free market.

We have placed top priority on security and stability, not as ends in themselves, but as means towards the attainment of faster development. To rid our streets of organized crime, we have put more teeth into our crime-busting efforts with the creation of the Presidential Anticrime Commission.

We are reclaiming our place as Asia's showcase of responsible democracy. The smooth and peaceful transition of power that we witnessed last 30 June, thanks to the Commission on Elections and President Cory Aquino, is a giant step towards this.

The feud against the ethnic wars that now rage among those countries that shifted from communism to capitalism, we are indeed far ahead of some others in institutionalizing democracy. [sentence as heard]

We are adopting a development oriented foreign relations approach, diplomacy for development should be the central thrust of our foreign policy. We shall strengthen our ties with old friends and trading partners, and at the same time, develop new international friendships. We shall secure continued access to markets and technology in concert with our regional partners and neighbors.

Ladies and gentlemen of the foreign press, you are in a very good position to help me realize this vision of government. Help us make the presidency understood and supported, if possible, by the whole world. Help us communicate our programs of action and help us project a good image of the country to the world outside and to help report our honest efforts at development through peaceful change. Help us build bridges to the international community and strengthen those bridges where they already exist.

In closing, let me say that I am one person who is not averse to criticism. I know that this is one of the hazards of public service, but it will be for our better performance towards an enlightened citizenry and a better informed world, I would be happy to take the blows. I would like to assure you of my sincerity and determination to get the message of my presidency across to people everywhere, and I trust and hope that you will join me in our determined efforts for the Philippines to find its rightful and dignified place in the community of nations. Thank you very much. Thank you to all of you, and thank you for the very delicious lunch, all the way down to the dessert and three cups of hot tea. Thank you. [applause]

Talks on Policies, U.S. Ties

HK1607091492 Quezon City Radyo ng Bayan in Tagalog 0521 GMT 16 Jul 92

["Open forum" by President Fidel V. Ramos with Foreign Correspondents Association of the Philippines at Rigodon Ballroom, Manila Peninsula Hotel, Makati, Metro Manila—live; in English]

[Text] [Unidentified reporter] Mr. President, could you comment on the upcoming ASEAN meeting on the Spratly Islands issue, which obviously, has been heating up? Do you see any solution to the impact and could you also comment on whether the Philippines might be prepared to use some kind of a...[changes thought] use some force in case other countries encroach on your islands?

[Fidel V. Ramos] The Philippines position on the Spratly question still remains the same. I think Secretary of Foreign Affairs Raul Manglapus articulted that the other day, and that is a peaceful solution to the controversy but with the approach that the development of that area should be jointly undertaken by all the parties in the controversy. The Philippines, however, will continue to protect its nationals and its borders as we have done in the past.

[Lawrence McDonald] Mr. President, I am Lawrence McDonald from ASIAN WALL STREET JOURNAL. You stated many times and again today your determination to reduce various trade and to generally liberalize the economy. I would like to ask you a specific question concerning one of your two actions so far regarding trade areas. One of your first tasks was to extend the duty-free importation of cement for three years. Some people were very happy to see that because they interpreted that as a move that was good for the construction industry and contrary to the interest of your own secretary, Ismael del Rosario, whose family company, we all know, is involved in cement production.

Recently, you've changed that order and removed the duty-free importation reduced between three years to two. I wonder if you can tell me what went into that decision and whether or not your concern to that kind of reversal might send the wrong signals to people, in terms of whether or not policies shouldn't be put in place by our [word indistinct].

[Ramos] I just make a slight correction. The first executive order I signed was to tell all the officials and members of the Philippine Government bureaucracy to stay in place until orders have been issued by me for the retention or replacement of executive officials. The one on the cement was the third not the number two. But, nevertheless, let us address the question.

The original package on cement and some of the raw materials that go into the manufacture of cement was pending on that very day, June 30, when we had the inaugural and in the afternoon, our first cabinet meeting.

The original period of three years up to 1995, if you'll read the Executive Order No. 2, was to be subjected to an annual review. But, this draft message or that policy was not well understood. In order to be very specific about this, I issued an amendment the other day to Executive Order No. 2 so that the line of the life of that order would only be up to June 30, 1993 or just one year and not three years.

The idea for having the extension of the tariff-free period, now just one year, was to give time to our local manufacturers to modernize their operations, since we are producing cement locally with some very old equipment and therefore the production process is not as efficient as we would want it in terms of being competitive in our cement prices.

On the other side of the coin, however, was the continuing need for cement and related products for construction, specially for infrastructure development by the government. So now, I have made that decision after seeing the cabinet on both sides with a little more time so that the year of tariff will be lessened to only one year from June 30, 1992 when we took over.

[McDonald] You see, I am not very clear to why you made that change but to the one on the wider issue, tariffs, when do we expect to see some further executive orders that would actually lower tariffs not just to one year but in a decisive way, whether it would go down and stay there?

[Ramos] That will be the last of those series of executive orders where you will see a reversal or a change.

[McDonald] But, my question is when can we expect some executive orders to lower the tariff?

[Ramos] I am sorry, I cannot hear you from here.

[McDonald] My question is when can we expect some executive orders that will lower tariffs on a permanent basis on any product?

[Ramos] Well, you will be seeing this in the course of this administration. We are committed to the removal of protectionist barriers. But, there are some basic industries in the Philippines that need time to precisely become more competitive through the appreciation of newer equipments and the development of better processes.

[Unidentified reporter] Relations have been more rocky between the Aquino administration and the George Bush administration [words indistinct], so Secretary Baker is coming next week and I wonder if you see this as a chance to repair relations with Washington and if so could you describe or tell us how you see the future of the relationship between the two countries?

[Ramos] I am very confident that we can strengthen and reinforce and make brighter our relations with other countries, including the United States. We have gotten some encouraging signals about this from President George Bush himself who called me up two days after I was inaugurated. He did tell me that his government will do all it can to help the Philippine Government and the Filipino people. The gist of this conversation was reported by our press secretary to the media the day after that. That was good enough for me. We are now of course undertaking, as I promised you in the election, a total review of Philippine-U.S. relations specially in regard to economic and trade policies as well as our defense and security relations. As you know, there is this mutual defense treaty which was promulgated in 1951. That is still in effect [two second break in reception]...a defense relationship that is based on that 1951 treaty and through which or under which we continue to operate a Philippine-U.S. mutual defense board. So, the relationship is not all that bad; and with the new administration, there are many opportunities for this relationship to be improved.

In a few days we shall announce the designation of a new Philippine ambassador to the United States. We're only waiting now for the agreement that should come from the U.S. side. And, I assure you, the person that we have chosen is an old pro. He is well respected in the United States as well as in other parts where he has served. And, this will be the first time that a career foreign service officer will be appointed as Philippine ambassador to the United States.

[Unidentified reporter] Would you like to tell us who he is?

[Ramos] In a few days.

[Monica Feria] Mr. President, I'm Monica Feria, free-lance journalist. The Gulf war contributed greatly to the economic downturn in the country in 1990 and 91. The Philippines, more than any Asian country, was severely affected. Can you tell us what has been done and what you plan to do to cushion the impact of another oil price shock if it occurs in the future. And secondly, what is your commitment regarding the deregulation of oil prices?

[Ramos] The cushioning of any sudden adverse impact on the Philippines because of possible fluctuations in oil prices is being attended to by our administration. I have assigned a new presidential adviser on energy affairs in the person of the acting executive secretary, Peter Garucho, who is an old hand in economic development. We have also asked that Congress support the setting up of a new Department of Energy which will put under one umbrella all of the various energy and oil-related agencies in government. Of course, we are very happy over the discovery of the new oil field at West Linapacan. This is the partnership of Alcorn and Oriental, that now delivers some 18,000 barrels of crude oil a day. We are speeding up the pumpimg out of crude oil from the other fields which is even reportedly much bigger. And, this is in the Malampaya area of Palawan, under the joint exploration responsibility of Shell and Occidental. This plus another plan, which still exists and was developed during the World War period, are our answers to any possible adverse situation in regard to the supply of oil.

On the price deregulation, we have a study group now looking into this because we must consult many sectors including the leaders of Congress. We are not yet fully in touch with those in Congress who would lead in the energy sector because the House and Senate are not yet organized.

[Theresa Abo] Mr. President, Theresa Abo with the CHRISTIAN SCIENCE MONITOR. I noticed in your speech, you said something about making the country safe for foreign investors and there's some talk about bringing back capital punishment, repealing the gun law or gun ban, your vice president wants to personally shoot criminals, and over the weekend, the body of an American woman was found apparently murdered. I understand that the two suspects were shot to death at close range yesterday. They were found in possession of her car registration. But, I am a little concerned about your government's position on those suspects' human rights with your justice by the gun policy. What's going to happen to the human rights of suspects in this country?

[Ramos] Human rights will be fully respected in the Ramos administration. There have been some, I will not call it untruthful reports about what I've said about the death penalty. I think this did not come from me but from those whom I talk to, and who were later interviewed by media.

But my position has been consistent in this regard. Even as secretary of defense, I have been recommending the restoration of the death penalty for heinous crimes which would include murder, parricide, rape, drug trafficking in a very massive way, the perpetration of violent crimes with the use of a loose firearm, as well as recidivism, meaning, the repeated violation of our laws especially those incidents in which serious physical injury or even homicidal murder takes place by persons who manage to have themselves bailed out, and therefore, free again to make the same series of crimes against society.

These proposals were passed in the House of Representatives during the last session, and so I think that it would be opportune to revive these proposals in the next session.

[Abo] But specifically, sir, how about the human rights of the two suspects in the murder of Curtiss Stewart, who were just murdered in close range?

[Ramos] I guess that will have to be investigated because the police pursued the suspect all the way to Camarines Sur, and I don't know what the circumstances were in regard to that confrontation.

[Unidentified reporter] Is it the policy to shoot and ask questions later?

[Ramos] No. That's not the policy, but it could have been the instant reaction of the police. But certainly, that's to be investigated.

[Unidentified reporter] Thank you, sir.

[Maria Ress, CNN] In the past, members of those from the right and the left said that they personally discussed with you. Has any of these affected your government's negotiations right now with the right and the left. What is the status of these negotiations?

[Ramos] The status? Well, I think they're perfectly right in respecting me because I am the one that has been fighting them for the good of the majority of our people. I think you know the effects of that massive coup attempt in December 1989 which resulted in economic losses estimated at P30 billion [pesos] and the loss of some 202,000 job opportunities, in other words, greater than the combined damage from the earthquake of July, 1990, typhoon Ruping in the Central Visayas in November 1990, and the eruption of Mt. Pinatubo. And, certainly, you would not want a repetition of that again.

Now, in regard to the insurgency on the extreme left, they have been at this business of trying to overthrow the government and seize state power since 1931 in this country. So, do you wonder that the government, especially this one now, has taken it as its very strong position to protect the welfare of the majority of Filipinos who are tired of these violent attacks against government and against our society?

If we try to get them to take one first step, and that is, to renounce their policy of the armed struggle of the establishment of a civilian military junta, and to seize power by force or military means.

This is not to say that we're asking them to lay down their firearms right away. I think this is an improvement or a departure from the policy of the previous administration. But certainly, I think there is a strong basis for asking them to renounce the use of force, the use of military means, the use of violence to come into state power. Maybe the best way for them to really join the mainstream of society is to manifest respect for our Constitution, pledge their respect for our rule of law, and participate in peaceful political competitions like the elections.

[Unidentified reporter] To follow up, what is your offer-...[Ramos interrupts]

[Ramos] But let me also inform you, I think this is also well known, [Defense] Secretary Renato de Villa has been named by me as the team leader of those making the studies for the executive branch as well as a group from the legislative branch, to do a step-by-step scenario which should become a proposal to me as soon as possible in regard to the matter of the grant of amnesty.

[Unidentified reporter] [passage indistinct] Are you offering amnesty to the right and the left? What are you offering them to lay down their arms?

[Ramos] There are many kinds of amnesty. And this is precisely what the De Villa group has been tasked to study so that we can be precise about the kind of amnesty that should be offered. While the president may want to grant amnesty, there must be concurrence on the part of the legislature.

[Unidentified reporter] Sir, what are you offering Gringo Honasan?

[Ramos] You'll find out later on. This study is still being studied.

[Hannah Moore] Mr. President, Hannah Moore, JOURNAL OF COMMERCE. Concerning the Bataan Nuclear Power Plant [BNPP], I am unclear as to your position. I guess I read one press report that said that you believe it should be converted to conventional power sources.

[Ramos] Again, this is where I ask for accurate reporting because, how did that question come up? It was during the Magtanong sa Pangulo [Ask the President] program, when in an aside during the break, during one of the so-called gaps or commercial gaps, one of the panelists asked me: "What are the options in regard to BNPP," and I said, "Well, one option is the use of the combined cycle as the power generator." This did not mean that we have discarded looking at the nuclear plant as a nuclear plant.

In fact, as had been previously arranged by the special presidential committee nominated by former President Aquino to study the nuclear plant problem, a panel of international experts came to the Philippines last week to do one more safety survey of the plant, including its structures, its design, and its operation in the future as a nuclear plant. The group was headed by no less than the former chairman of the U.S. Commission on the Peaceful Uses of Nuclear Energy, and also two equally distinguished gentlemen from Taiwan, the chairman of their Atomic Energy Commission, and from Japan, also a nuclear expert. And their report was that the plant structurally is safe for nuclear operation, and that its operation in the future, if the present technology or the so-called state-of-the-art technology can be applied to it by Westinghouse, would also be safe.

Now these inputs are part of the requirements that go into the final evaluation of the nuclear plant which falls due I think during the first week of September. But, it was a step that had to be taken as part of the agreement previously entered into by our special presidential committe and the U.S. authorities.

[Unidentified reporter] You will reach a decision by the first week of December whether or not you will go ahead with renovating the power plant? The agreement with Westinghouse expires then; I mean, you're going to reach a decision and you will announce at that time?

[Ramos] The agreement in regard to what the Philippine government should do calls for a decision on the part of the Executive branch of the Philippines Government. But, I think part of the overall agreement was that our Congress must concur with the agreement. So, that's the second step that must be taken.

[Unidentified reporter] Mr. President, I'm Steven [words indistinct] News. Population in the Philippines is growing at an annual rate of 2.8 percent. Is your administration going to do anything to control that?

[Ramos] Well, we have used the term population management, which means both reducing the rate of populationg growth—we are committed to that—as well as the redistribution of our population, especially away from our very heavily populated urban centers. So, there's an entire range of programs that start from information and education of our married couples which is being undertaken both by government and the private sector, all the way down to the establishment of regional industrial centers away from Manila so that we could create jobs in the countryside around these regional industrial centers and depopulate Manila, especially for those people that have come here from certain areas where we precisely intend to put up these regional industrial centers.

[Unidentified reporter] The population management is basically [words indistinct] in a sense. So, are you going to let the church influence your decisions?

[Ramos] We will respect their opinions. We also will make sure that Philippine traditions are not just carelessly ignored. But, it is the government obligation to provide the best possible information to our married couples who must make the basic decision of how many children they want in the family and this is very closely related to the quality of life that that family would want. And, so it is not just going to be on the basis of dictation from the president or from the government that shall be the result of all of this. But, as I said, we are committed to reducing the rate of population growth in this country which is very high, 2.8 percent. We are trying to get the NEDA [National Economic Development Authority] to tell us the relationship between certain rates of population growth and economic growth, or growth in GNP. I think there is a very important correlation there that must be established.

[Meg Aguino] I'm Meg Aguino from Far East Broadcasting. Mr. President, what is your reaction to apprehension that your government will not differ from the Aquino government, and that it has done nothing significant in the past two weeks and that the vice president, Joseph Estrada, has become your redeeming factor?

[Ramos] Well, you know, the objective of this presidency is not to capture the headlines every day. If we succeed in that, well, that's a bonus. But, at this present time, I am just laying the foundations to achieve the very first objective of this government starting during the first 100 days, and that is a better condition of national stability, national security, and peace and order. Because that's the condition upon which all other programs are dependent. The work of the vice president is quite different from that of the president. I have, in fact, harnessed him into our administration in a very active way by naming him the chairman of the Presidential Anti-Crime Commission. But, this has nothing to do with grabbing the major share of the front pages or the headlines. Maybe as a result of the speech I just gave you you will also care to front page or headline what I'm trying to do in Mindanao, what I'm trying to do in Visayas, what I'm trying to do with the political opposition in both houses, what I'm trying to do with key sectors in our society, such as the business community, the religious, the rural poor, the urban poor, etcetera, etcetera. And, that has been the bulk my work during the last two weeks.

[Takeshi Ono] My name is Takeshi Ono. I understand that during your inaugural address, you stated some amendments of the Constitution. Did you refer to the amendment of political system such as parliamentary system or not?

[Ramos] The basic constitutional reform that I was really talking about was in connection with electoral reforms. As to the structure or our government, while a part of our people power coalition, the Lakas EDSA-NUCD [Strength-Epifanio Delos Santos Avenue-National Union of Christian Democrats], was committed to that, it is not yet a very high priority for us, considering that the term of all of the members of the House of Representatives and one half of the Senate is only for three years, and a very wide-ranging agenda for constitutional change might take up most of the time available to the legislature for lawmaking. But, what would be priority to us inasmuch as there will be elections again in 1995, and this will be for everyone except for 12 senators, the vice president and the president, we will be faced again with the problem of the synchronized elections which taxed our government agencies, especially the Commission on Elections, and our people, our electorate themselves, so much that many could not fully fill up the ballots due to the need to put in some 40 or so names.

So, this will be the main thrust should there be an agreement to have a constituent assembly or constitutional commission on constitutional reforms—the electoral reforms.

[Ono] I have another question; but if I'm wrong, please correct me. Your popularity is not so high among the military's young officers, if you consider the last electoral turnout in precincts especially in military compounds such as Camp Bonifacio or absentee precincts. In this light, how do you tackle the consolidation of military with your not [being] so popular among the military groups?

[Ramos] Well, you are partially correct and partially wrong because I found out after the proclamation of Fidel V. Ramos on the 22nd of June 1992, everybody was already for me. [crowd laughs] Now, please do not be misled by the reports that in the absentee voting, and I do not think this exceeded 10,000 of the more than 100,000 Armed Forces and some 100,000 Philippine National Police members as well as the so-called greater popularity of other presidential candidates in Villamor Air Base and Fort Bonifacio, please do not be misled by that because within the camps—and we do have voting centers or precincts in those camps—we have only a very limited number of military personnel and families staying in those camps. The great majority of the voters live in the barangays outside the military reservations, such as in the five big barangays right around Fort Bonifacio. I won in those barangays. Although I was only number 2 to Miriam [Defensor-Santiago] in Makati, I was number 2 with a very small difference. The same is true in the other communities. I won in the barangays around Camp Aguinaldo. But, if you are talking about the military personnel and the police personnel, I think you should take a look at all of the voting precincts around Fort Magsaysay in Nueva Ecija, Camp Nakar in Lucena City and 20 other major military reservations and police headquarters because you might get a different picture. In any case, I'm comfortable with the military and the police. I've worked with them. We have been through many crises together. They have been proven to be supportive of me when I was in command; and I continue to look after their welfare even during the campaign in terms of programs that I have promised to them and which I am now implementing. And so I would gauge our military and Philippine National Police organizations more in terms of the protection they are giving our democracy and our Constitution and they have totally pledged support for these democratic institutions in the sense that we are seeing now a very much reduced threat of coups, if any.

[Rene Pastor] Mr. President, Rene Pastor of the REUTER news service. Going back to the Spratlys issue, would you favor an international conference under the auspices of the United Nations to settle the rights or claims of the Spratly Islands?

[Ramos] Yes, I would.

[Pastor] To follow that up, how do you see the security situation in Southeast Asia? Do you see another country emerging as American forces pull out from the area, in the words of Senator Blas Ople, emerging as a regional [word indistinct] and threatening the independence of Southeast Asian countries?

[Ramos] In Southeast Asia, I don't see this other than the fact that in Cambodia, the matter of the implementation of the agreement among the principal players is not really being faithfully implemented. There are still skirmishes and an unwanted military [words indistinct] among the protagonists in that country, but there is now a UN Peacekeeping Force, of which the Philippines is a contributing country. Perhaps the more dangerous flashpoints would be in regard to North and South Korea due to the controversy right now pertaining to the inspection of nuclear weapons which North Korea has not yet allowed.

[Drem Cagafits] Drem Cagafits from Camera Press with a very simple question. What is your government plan or rather what are your government plans in the sphere of land reform?

[Ramos] We are, first of all, trying to catch up with the backlog. There is a backlog of some 516,000 hectares pertaining to that part of our land that is or used to be private lands earmarked for land reform. We have also put out a new schedule so that, having caught up, we shall be able to fullfill the land distribution program within the 10-year period. The important part of land reform for us is to maintain and enhance, if possible, productivity. In other words, the lot of the farmer, the lot of the farmer's family, by virtue of land reform, must be improved within the period of the program. Secondly, you must also look at effective land use since there are conflicting demands on the limited land that we have. The use by subdivision developers; the use by industrial estates; the use of those involved in developing recreational facilities; of course the encroachments into our forest areas. These are all concerns that we have to address. Of course, the social aspect of it, which is the land distribution or redistribution aspect is what we are addressing in this catch up program that we are trying to accomplish.

[Unidentified moderator] We only have about 10 minutes to go.

[Maritess Vitug] Mr. President, Maritess Vitug from NEWSWEEK. During your campaign, you promised two things: one, environment protection will be one of your key concerns and secondly you will work with NGO's [nongovernmental organizations] and you depend a lot on them. Among the cabinet appointments now, one seems to be on the verge of controversy, the environment secretary. And the NGO's have opposed, have expressed opposition, to your new appointment. Are you reconsidering this appointment? And second question is, as a follow up, you said your legal adviser Antonio Carpio said that he would require evidence of divestment from the cabinet. Are you going to divest your shares from your logging company?

[Ramos] The matter of protecting the environment which means that we protect the environment, as we also utilize our natural resources to attain economic growth, is in fact a very important component of our concept of sustainable development in the Christian democratic sense. Now, I have been fully briefed on what our DENR [Department of Environment and Natural Resources] is doing, what our people's organizations are doing, and our NGO's are doing in regard to the protection of that environment. And henceforth, we will employ and harness more and more the capabilities of our cooperatives, our people's organizations that are capable of providing protection of our forests. There are funds for this, much more so, perhaps, in environmental field than in any other sectors. And so, we will be utilizing that to protect the environment. Now, we are also having dialogues with the representatives of the environment people. I, in fact, early in August I am supposed to meet them to receive reports from their meetings in Brazil as well as reports from their current concerns. As to the reconsideration of the appointment of an individual that you are referring to, I think we all know who he is, we don't even know too much about the guy yet. So, I don't think we should be too apprehensive about that because his records would be examined and maybe he should be given a chance to perform. This individual claims that what has been published about him was nastily put out by his political enemies. So, that must be taken with very big grain of salt. The reason why we have assigned only an acting secretary of DENR in the person of Under Secretary Vic Ramos who had to go to the U.S. to accept a fellowship, and now the assignment of acting secretary Ric Umali in the case that we have not made any permanent decision in regard to this matter. [sentence as heard]

[Vitug] How about the divestment?

[Ramos] The divestment. Well, surely, I will be divesting myself of my holdings in various corporations. There are just a few of them. The one you are referring to is something that was inherited and they will not cause any problem.

[Reporter] Mr. President, I would like to get some clarification about some reports that the PCGG [Presidential Commission on Good Government] and Imelda Marcos are taking steps to achieve compromise agreement on various illegal wealth suits and I was intrigued by one sentence in that report, which although did not attribute—no source, no name was brought up as a source—but it said just a source in the former presidential management team or something that this agreement that was supposedly signed late June was signed after you and Mrs. Marcos somewhere, sometime. My question is are you aware of the details of this agreement? Did you give your go ahead signal and did you talk with Mrs. Marcos about this agreement? It was against what the government has been saying that no deals, no compromises, we will push this thing to the end.

[Ramos] Well, let me tell you exactly what happened during our meeting with Mrs. Marcos. There were no deals, there were no compromises, we did not talk about the cases or the cases being built up by the PCGG and other offices like the Office of the Solicitor General. There was no talk about that at all. The conversation merely raced around the expeditious processing of the legislative canvassing that was then taking place as well as an agreement to appoint representatives, one on the part of government, another on the part of the Marcos family, to talk about and come to a final settlement, the return of the remains of the late president. But none on the cases pertaining to unexplained wealth. So, I think if there is any agreement being coursed at all, it is under the new chairman, Mr. Attorney Magtanggol Gunigundo, who has explained to me in this manner that there is no compromising in regard to the cases already filed in court, on the cases that are being build up for filing in court. But, there are so many claims, there are so many possible items of wealth that can be recovered but some of them may be better negotiated instead of being litigated in court. So, there is that portion that the PCGG is now talking over with the Marcos family, which apparently would be more cost effective if it were negotiated instead of being dragged into court, but the big ones still remain as court cases.

[Unidentified reporter] The big ones, sir, referring to the alleged money stashed away in Switzerland, for example?

[Ramos] That's one of them, yes.

[Unidentified reporter] Thank you. Just one more question: What happened to the presidential cigar?

[Ramos] Pardon?

[Unidentified reporter] The cigar?

[Ramos] Oh, I have it in my pocket.

[Unidentified reporter] Oh, that's alright. I don't see you anymore, that's why at this moment....

[Ramos, interrupts] I put it in my pocket because it is not needed anyway.

[Unidentified reporter] President Ramos, your character or figure...[reporter changes thought] It is said that you are the psychological-war specialist, you are the careful person, you are a cautious person, or a person who only acts when you know that the odds are in your favor. Would you kindly describe your own character?

[Ramos] I think you have been listening to the wrong people. [laughter] I am an expert in many things. But, I think that the best kind of expertise that I can claim is that all throughout my public career, I always looked at the people's welfare. I have always been oriented towards the national interest. And so when you are playing around with these very high concerns of our people, you better not just be shooting from the hip all the time, you must be careful to make sure that you are really protecting what is the interest of the majority of the people.

And that is how I have conducted myself throughout my public career up to now.

Okay, thank you very much ladies and gentlemen.

[Unidentified moderator] Before we all go, we would like to present...[moderator changes thought] President Ramos, thank you very much once again for gracing this occasion, on behalf of FOCAP [Foreign Correspondents Association of the Philippines], as a token of appreciation, may I give this small gift that we hope you will enjoy very much. [applause]

Manglapus on ASEAN Meeting, U.S. Relations

HK1507114892 Hong Kong AFP in English 1134 GMT 15 July 92

[Text] Manila, July 15 (AFP)—The Association of Southeast Asian Nations (ASEAN) "cannot avoid" tackling the Spratly Islands dispute when the six-nation group holds its annual ministerial meeting here next week, Foreign Secretary Raul Manglapus said Wednesday.

The strategically located chain of islands in the South China Sea is claimed in whole or in part by three of the ASEAN members—Brunei, Malaysia and the Philippines—along with China, Vietnam and Taiwan. All save Brunei have garrisoned many of the islands.

The Chinese and Vietnamese navies were involved in a brief and bloody clash in the area in 1988, and the tension intensified this year when Beijing reached agreement with a U.S. firm to prospect for oil in the area.

"We (ASEAN members) cannot evade the question of the Spratlys," Manglapus told reporters here.

He said Manila hoped for "some kind of declaration" at the end of the July 21-22 ministerial meeting of ASEAN, which also includes Indonesia, Singapore and Thailand, that would call for an "international agreement on a solution" to the Spratlys dispute.

All the claimants save Taiwan are attending the meeting, with Beijing and Vietnam in their capacity as observers. The ASEAN ministers will later hold talks with dialogue partners the United States, Japan, the European Community, Canada, Australia, New Zealand, and South Korea.

In addition Russia and Laos are also sending observers to the annual meeting.

Meanwhile, Manglapus on Wednesday repeated calls by new Philippine President Fidel Ramos for an overall review of relations with the United States, with which it maintains a mutual defense treaty.

The review would be aimed at "strengthening our relations" following the scheduled withdrawal of all American troops from the major U.S. naval facility at Subic Naval Base by the end of the year.

Cabinet Drafts 35 Bill Proposals, 6-Year Program

HK1607030692 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 15 Jul 92

[Text] President Fidel V. Ramos' cabinet has finished drafting 35 bill proposals, including the restoration of the death penalty, to be submitted to Congress at the opening of its session on 27 July. The bill proposals were drafted during a cabinet meeting at Malacanang and certified as urgent by the president. The president is expected to tackle these 35 bill proposals during his state-of-the-nation address which will signal the opening of Congress.

Meanwhile, President Ramos has also drafted an ambitious six-year economic recovery program which aims at a 10 percent growth rate for 1998, a $1,000 per capita income, and a 30 percent decrease in those at the level of extreme poverty in the country.

Economic Planning Secretary Ceilito Habito said these targets were set during the cabinet's last meeting at Malacanang. She said the Ramos administration hopes to meet its economic targets by increasing investments, deregulating foreign exchange, deregulating the oil industry, and the construction of much-needed infrastructure projects. Habito stressed that these projects only demand changes in policy and not additional funds.

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Communist Rebels Want Criminal Charges Dropped

HK1607030092 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 15 Jul 92

[Text] Detained communist leaders have challenged President Fidel Ramos to show his administration's sincerity in the amnesty offer to the rebels by dropping the criminal charges filed against political detainees.

Satur Ocampo, former National Democratic Front spokesman, Romulo Kintanar, former New People's Army chief, and Ricardo Reyes, Communist Party of the Philippines secretary general, said political detainees have not applied for amnesty because of the criminal charges they face.

Under the government's amnesty offer, only those charged with rebellion, insurrection, and mutiny are covered by the amnesty proclamation. It does not include those facing charges for common crimes.

The three detainees said it is clear the government does not want to free them because they have been charged with nonbailable crimes. Rebellion is a bailable offense.

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Military Likely To Oppose Issue

HK1607062492 Manila BUSINESS WORLD in English 15 Jul 92 p 12

[By Wilfredo G. Reyes]

[Text] The Armed Forces is likely to negatively view detained Communist Party of the Philippines [CPP] leader Satur Ocampo's call yesterday for Government to "decriminalize" all charges against detained insurgent leaders and to include convicted detainees in a general amnesty.

A ranking defense official said such a proposal will nullify all of Government's hard-earned counterinsurgency gains.

"The reason precisely why we insist on maintaining their criminal charges is that these (charges) are unbailable," the official said. "Otherwise, our efforts would have been wasted ... these people will be able to post bail and resume their operations immediately if we lower their charges to mere political offenses," he added.

Earlier, Armed Forces chief Gen. Lisandro Abadia said he believed a general amnesty will pardon even criminal offenses committed by the insurgents, the secessionists and the rightist rebels.

However, he clarified that he personally did not favor the prospect of an unconditional amnesty.

The intelligence community remains undecided on the form of amnesty package they will propose to President Ramos. As of late last week, the source disclosed that members of the community were still searching for a common ground on the amnesty offer.

"The AFP [Armed Forces of the Philippines] and the Department of National Defense even toned down the original conditions," the official said, explaining that both institutions dropped their original stand that all rebel groups surrender their arms as a prerequisite to amnesty.

"Now, we are only asking that they renounce the principle of use of force through arms," the source explained. "Our reports on their conferences reveal they have not done so."

The same official disclosed the National Security Council (NSC) wants two positions [as published]. The first states it is time to offer unconditional amnesty since the last two amnesty programs were conditionally offered.

The source explained: "They (NSC) felt it was time to try something new, since the old attempts, which maintained conditionalities, reaped modest success at best."

Mr. Ocampo issued his remarks when he met yesterday with government negotiator Tarlac Rep. Jose Yap who was accompanied by Horacio Morales and Romeo Capulong.

Detained insurgent leaders Ricardo Reyes, reputed to have been Rafael Baylosis's replacement as CPP secretary-general, former NPA [New People's Army] chief Romulo Kintanar and Carolina Malay who were earlier released on bail, joined in the discussions at Fort Bonifacio.

Mr. Ocampo maintained he did not speak for the CPP-NPA, saying, "I am merely giving my inputs to the government as a former NDF [National Democratic Front] negotiator during the failed 1986 peace talks with the Aquino Administration."

Mr. Yap said "the government is more experienced now and has learned lessons from the previous talks."

He added that he scheduled meetings with NPA field commanders to "reach out to all of them."

Ready for 'El Salvador'-Model Ploy

HK1607054692 Manila BUSINESS WORLD in English 16 Jul 92 p 12

[By Wilfredo G. Reyes]

[Text] The Armed Forces is preparing to counter a possible attempt by the Communist Party of the Philippines-New People's Army to resort to the "El Salvador" model of a peace ploy.

A well-informed senior defense analyst said the AFP [Armed Forces of the Philippines] observes that the insurgents may be attracted to using a deceptive scheme similar to that used by their El Salvador counterpart, the Farabundo Marti National Liberation Front (FMLN).

The FMLN led the El Salvadoran government to the peace table from September to October 1989, while preparing for their November offensive against the capital, San Salvador, which almost overthrew the government.

This siege, which included an attack on the presidential palace, resulted in the government's acquiescence to FMLN demands such as cutting its 55,000-army by half, disbanding the security forces and placing the new police under FMLN supervision in insurgent strongholds, and agreeing to a demobilization of both combatant parties and their containment within United Nations-guaranteed zones.

"We cannot let down our guard in the same way," the analyst declared. "Besides, in our case, we are the ones negotiating from a position of strength."

He disclosed that a delegation led by AFP intelligence chief Brig. Gen. Alfredo Filler met twice with El Salvadoran representatives to discuss the latter's experience and insights on the issue.

The source said the AFP remains cautious about the insurgents' sincerity in pursuing the peace process. "Our intelligence reports and readings of captured party documents indicate they continue to espouse the overthrow of the government," the analyst disclosed. "How can you give them the time of day talking peace with a group that stubbornly holds on to this goal?"

The same source said the AFP will prepare contingencies according to its updated readings of the insurgents' internal affairs.

Ramos Envoy To Meet Exiled Communist Leaders

HK1507140592 Hong Kong AFP in English 1346 GMT 15 July 92

[Text] Manila, July 15 (AFP)—A special representative of President Fidel Ramos plans to meet exiled communist guerrilla leaders abroad next week, the envoy said Wednesday.

Representative Jose Yap said over government television that he would "hold first an informal dialogue" with banned Communist Party of the Philippines (CPP) founder Jose Maria Sison and another insurgent leader, Luis Jalandoni, both living in exile in the Netherlands.

Yap, named by Ramos to sound out rebel leaders on his proposals to end the country's 23-year-old insurgency, said the meeting will take place in a nearby third country which he declined to identify.

Further talks will depend on the outcome of the first dialogue, he added.

Yap has been meeting jailed CPP leaders here following Ramos' offer during his inauguration on June 30 for leftist guerrillas and rightwing military rebels to surrender and take advantage of an amnesty program.

CPP leaders have rejected the offer.

Similar peace talks were initiated by Ramos' predecessor Corazon Aquino in 1986, but the negotiations collapsed over rebel calls for power-sharing.

Urban Guerillas Reportedly Return To Manila

HK1607030492 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 15 Jul 92

[Text] The much-feared New Peoples' Army [NPA] sparrows have returned to Manila after undergoing more extensive combat training in the Sierra Madre mountains.

According to military intelligence, about 30 platoons of urban guerrillas belonging to the Alex Boncayo Brigade underwent strict and intense training from 14 August to 13 October 1991, in preparation for their deployment in Manila.

The military said the NPA sparrows are armed with .45 caliber pistols, 9 mm handguns, M-16's and Uzi assault rifles.

Firms Accused of Funding Communist Movement

HK1607060292 Manila THE CHRONICLE in English 16 Jul 92 p 5

[By Herbie Gomez]

[Text] Cagayan de Oro City—Four Soldiers who escaped from a New People's Army [NPA] force after five months in captivity yesterday said northern Mindanao-based multinational firms were supporting priest turned rebel commander Frank Navarro.

The revelation came amid government offers of amnesty for communist rebels and heated debates over the conditions and extent of such amnesty within Malacanang and the Armed Forces.

Army Maj. Albert Mabaquiao, the Fourth Infantry Division spokesman, identified the soldiers as Sgt. Florencio Patrocenio, Corporals Rolando Ariasco and Cris Laswe, and Pfc. Melvin Gregorio. Another soldier who escaped from NPA captivity, Cpl. Celso Navares, was reported missing.

The soldiers told reporters the rebels had food and imported cigarettes delivered to their camps in Surigao del Sur every now and then.

The soldiers fled from a communist camp in Tago town, Surigao del Sur, last July 6, but the military found them only three days after.

Military authorities said the escape was made possible after a shootout between Scout Rangers and the rebels, two of whom were killed. Aniasco said the group decided against approaching the Scout Rangers for fear that they might be mistaken for rebels.

The NPA under Navarro or Ka [Comrade] Migo captured the soldiers following the Feb. 15 Marihatag ambush, where over 40 soldiers were killed.

Thailand

Government To Support Sanctions on Khmer Rouge

BK1607133692 Hong Kong AFP in English 1321 GMT 16 Jul 92

[By Charles-Antoine de Nerciat]

[Text] Bangkok, July 16 (AFP)—The Thai Government would support United Nations sanctions to force the Khmer Rouge to stop boycotting Cambodia's peace process, Foreign Minister Asa Sarasin said Thursday.

But Asa, saying that negotiations should continue in order to persuade the radical Marxist guerrilla group to comply with the process, warned that it would be difficult to enforce sanctions.

"Sanctions are very difficult to enforce, but we pledge to support them if they come to pass," he told a group of foreign correspondents.

Asa indicated that he had had a meeting Monday with the five main gem dealers from Thailand involved in ruby mining in Khmer Rouge-controlled areas of northwestern Cambodia to discuss "possible scenarios" if the faction broke away from the peace process.

The Khmer Rouge, the strongest guerrilla force to fight Phnom Penh's Vietnam-installed government in the Cambodia war which formally ended with an accord signed last year in Paris, has refused to go along with a UN programme to disarm and demobilise Cambodia's rival forces.

It has made a dissolution of the government a precondition for it to comply with phase two of the peace process.

Discussions are expected to start shortly at the UN Security Council in New York to decide whether the Khmer Rouge should be publicly condemned or not for the impasse and sanctions adopted.

Western countries have called on Thailand to put pressure on the group to force it to rejoin the peace process. But Asa repeated earlier remarks by Thai officials that his country had little leverage on the Khmer Rouge.

The Khmer Rouge has given Thai firms extensive ruby mining and logging concessions in areas it controls.

But diplomats and analysts point out that the government can do little about those commercial deals which are widely believed to involve senior Thai military officials.

Asa, however, insisted that there was no difference between his government and Thailand's military establishment over Cambodia.

"The government's policy and the military's policy are the same," he said.

"If we had any evidence at all to show that our military is involved in supporting the Khmer Rouge, we would take stern measures," the Thai minister added.

But Pol Pot, the leader of the group responsible for the deaths of more than one million people when it ruled Cambodia in 1975-79, and others in the Khmer Rouge hierarchy are known to use safehouses in Thailand under the protection of special Thai military units.

Asa conceded that Pol Pot does come to Thailand, but added: "We don't like to see those people coming to our country."

He said the Khmer Rouge earns a total of 30 million baht (1.2 million baht) [as received] a month from the logging and gem mining concession given to Thai companies.

Asa noted that during his meeting with gem dealers they "did not complain (about business), so it must be good," although the figure he gave was lower than estimates by most analysts.

Those estimates vary considerably. Some analysts put the figure for rubies only at 100,000 dollars a day, while others speak of one million a month.

"My purpose (for the meeting) was to learn from the the gem dealers and to inform them of possible scenarios if the Khmer Rouge refuse to honor the peace agreement," Asa said.

The Thai official said he had held a meeting, also Monday, with Khmer Rouge leaders Khieu Samphan and Son Sen, the faction's two representatives at the Supreme National Council (SNC), Cambodia's reconciliation body.

He said he had urged them to comply with the peace process and go along with phase two.

Asa indicated that he will meet here Friday with UNTAC chief Yasushi Akashi and would advise him to "keep talking" to the Khmer Rouge.

"Persuasion ought to be the means to get the Khmer Rouge back on board," he said.

Joint Development of Disputed Sea Area Proposed

BK1607010992 Bangkok BANGKOK POST in English 16 Jul 92 pp 17, 28

[Text] Vietnam would like to start negotiating with Thailand on a joint petroleum development scheme in an area of the Gulf of Thailand where the two countries' territorial claims overlap, senior officials in Hanoi say.

Vietnamese Foreign Minister Nguyen Manh Cam is likely to raise the issue when he meets his Thai counterpart Asa Sarasin in Bangkok on Sunday, but Thai officials say talking about joint exploitation of the area before borders are settled would be "putting the cart before the horse."

Vastly differing estimates of the size of area in dispute give some indication of the magnitude of the task. Tran Gong Truc, vice chairman of the Vietnamese government's Continental Shelf Committee, said Thai and Vietnamese overlapping claims span 6,000 square kilometres. Independent experts put the figure at 799 sq km.

Vietnam hopes to reach agreement with Thailand in the area claimed only by the two countries—Thailand, Vietnam and Cambodia all have overlapping claims.

The aim is to set up an agreement to jointly develop the area along the lines of the agreement that Hanoi reached with Malaysia last month, in which the two countries agreed on joint oil exploration in a strip of the South China Sea where they have overlapping claims.

Vietnamese senior officials interviewed by BUSINESS POST here noted that the agreement with Malaysia was concluded after only one round of talks.

They expressed hope that Mr Cam and Mr Asa will be able to agree on a broad framework that would set the ball rolling towards a joint development accord. A final solution to the maritime boundary dispute will have to be reached as well.

Malaysia's state-owned oil company Petronas and Petro Vietnam are already working on technical and commercial details for joint oil exploration in the South China Sea. Hanoi is keen to see a similar approach used for the Thai-Vietnamese area.

The agreement with Malaysia was possible because the two countries put aside the complicated and time-consuming issue of where the maritime border should be, said Vu Quang Diem, deputy director of the Foreign Ministry's Southeast Asia and South Pacific Department.

Thai and Vietnamese officials have not yet started technical talks on the overlapping maritime boundary claims. A session originally scheduled for April did not take place. Now Thailand is tentatively suggesting a meeting in September.

Mr Truc said Vietnam is prepared to negotiate on an interim solution.

"Pending a final solution, the two countries can cooperate in a wide rage of activities," he said yesterday.

Thailand's priorities, however, are the settlement of the sea boundaries and concluding the joint fishery agreement it proposed last year. It believes these issues are tied up with the question of a joint development area. Bangkok, therefore, believes that discussing a joint development area at this stage is "putting the cart before the horse."

The reasoning was explained to the Vietnamese by a group of senior officials who visited Hanoi last week.

Vietnam is still not ready to conclude the joint fishery agreement, citing the Thai fleet's defiance of provincial authorities along the southern coast, and the lack of a "favourable atmosphere of mutual trust."

Ambassador Don Pramatwinai, East Asia Department director who led the Thai delegation to Hanoi last week, said Thailand would like all three issues discussed at the upcoming talks.

Thailand's distant-water fishing grounds in the South China Sea come under the jurisdiction of Malaysia, Cambodia, Vietnam and Indonesia.

Fishing Joint Venture With Burma Expanded

BK1607013792 Bangkok THE NATION in English 16 Jul 92 p B8

[Text] Burma and Thailand have agreed to add trading activities to their proposed fishing joint venture as a means to help offset Thai losses which will result from the discrepancy between official and market exchange rates.

The sharp difference in exchange rates would have derailed the project if the Thai side had not received additional revenue from trade to cover their loss. Burma's official rate is six kyat to one US dollar, but the market rate used by the Thai partners is 70-80 kyat to the dollar.

The sides agreed to amend the draft proposal on joint venture companies for fishing and related activities. Thailand will be represented by Thai-Myanmar (1990) Co, a joint venture, while Burma will be represented by Myanmar Fishing Enterprise Co (MFE).

The Thai side would have to invest in dollars at the market rate, while MFE will value the investment at the official rate. A company source said the scope of trading will be determined by the board of drectors. Trading has been included in the fourth draft proposal on the joint venture.

He said if MFE and Thailand's Livestock and Fisheries departments endorse the proposal, it will be forwarded to Burma's Foreign Investment Commission for final approval.

The proposed agreement is valid for 10 years. The joint venture will have a registered capital of 100 million kyat or about Bt [Baht] 600 million (at official rates). It will engage in marine capture, ice plant, fishmeal, and cannery and cold storage activities. MFE will hold 51 percent and the Thai side 49 percent.

Initially, there will be investments in fishmeal and ice plants amounting to about 35 million kyat.

Further Curbs on Military Leaders' Power Urged

BK1607004592 Bangkok BANGKOK POST in English 16 Jul 92 p 4

[Editorial: "Old-Fashioned and Dangerous Thinking"]

[Text] Amid the widespread public clamour to depoliticise the military in the aftermath of the May crisis, a succession of senior officers have come out publicly to accept the need to divorce the Armed Forces from direct intervention in the political process. Though none of these officers has openly admitted that the military was at fault in the brutal crackdown on pro-democracy demonstrators during May 17-20, their tacit acceptance of the Armed Forces concentrating on the task of national defence rather than meddling in politics is a welcome development. It underscores the maturity demonstrated by their perception of the present-day realities of our society. These pragmatic officers range from Class 1 graduates of the Chulachomklao Military Academy such as Defence Permanent Secretary Gen Wanchai Ruangtrakun to the more progressive members of Class 5 such as Gen Wimon Wongwanit and Gen San Siphen. It is understood that similar attitudes are also shared by a large section of middle-ranking officers who, bound by regulations and other constraints, have not made their views public.

But against this positive development, it is clear that some dictatorial die-hards remain within the Armed Forces leadership. The public received a dramatic demonstration of this type of thinking on Tuesday when Supreme Commander and Air Force chief Kaset Rotchananin in effect still held open the option of a coup d'etat as a last resort to resolve political conflict. Though ACM [Air Chief Marshal] Kaset said soldiers have no intention of seizing power again, he did not rule out the possibility of another coup. "If the country faces an emergency or something catastrophic happens, which institution will rise to the task? No one else but the military," the supreme commander was quoted as saying. "There are many ways of solving the country's problems. Parliament is one way. But if other ways fail, the last resort would be for the military to step in...."

In the light of the enormous damage inflicted on the country by the military's mishandling of the May crisis, such remarks are deplorable to say the least. They have put into sharp focus once again a combination of the typical arrogance and lack of repentance of some in the top military leadership. By making such statements, ACM Kaset has also shown himself to be totally insensitive to the public's aspirations for democratic progress. These remarks will no doubt cast a shadow over the prospect for stable politics after the September 13 election, which makes them even more unfortunate and uncalled for.

Notwithstanding the views of some conservative elements that approved of the military crackdown in May, a groundswell of opinion among the plethora of democratic-aspirant groups has built up over the last two months pointing to two options for the military leadership—specifically ACM Kaset and Army Chief Gen Itsaraphong Nunphakdi. Either they resign on their own accord or be ordered transferred. The countless appeals and demands that have been aired at numerous public forums by a cross section of professionals—all urging them to demonstrate some degree of responsibility over the May bloodshed by resigning—have apparently fallen on deaf ears. It now seems that the only viable option left is a formal transfer order.

The decision to effect that transfer order now rests with Prime Minister Anan Panyarachun. In dealing with the military leadership, the prime minister has made an exception from his usual adherence to transparency, claiming it is a delicate matter that is best not discussed in public. The sensitivity of the subject is understandable; but the prime minister's tactic is acceptable only if it leads to an effective solution. Mr Anan has taken the first step to restructure the Armed Forces by removing the military from riot control duties. That is a logical and welcome move but it is not enough. Among other things, he will have to make additional changes to ensure that the Armed Forces are not headed by generals or air marshals who see the immediate use of lethal force as the only way of solving a conflict. The removal or transfer of such people will serve both the interests of the military establishment and the country as a whole, because Thailand does not want, need or could withstand another coup.

Vietnam

POW-MIA Issue Cited; Normal U.S. Ties Urged

BK1507134592 Hanoi Voice of Vietnam in English 1000 GMT 15 Jul 92

[Commentary by Minh Hang]

[Text] Early this week, the Russian news agency ITAR released a speech by Russian Colonel (Gontrakov) of the Russian Ministry of Security saying that so far Russia has found no document on American prisoners of the Korea and Vietnam wars. Following is our radio opinion on this issue presented by Minh Hang:

According to Col. (Gontrakov), Russian security officials in the recent past had tried to look for information on American prisoners-of-war and missing-in-actions from the Second World War in their archives. They revealed the list of 3,762 Americans as proposed by the U.S. side but found little information about them. Among the documents they found, one was about four American deserters in Spring 1961 at the Yokosuka Port of Japan.

Those people responding to a request of the Japanese peace organization [words indistinct] as well as their own desires were allowed to [words indistinct] Soviet Union on their way to Sweden in December 1967.

Col. (Gontrakov) further said that there was no document about Americans who are claimed to be prisoners-of-war of the Korea or Vietnam wars in the Russian territory or other republics of the Commonwealth of Independent States.

A series of groundless information were unleashed in an attempt to sling mud on Vietnam's goodwill in regard to the prisoner-of-war and missing-in-action issue. Nevertheless, the truth is the truth. At present, the U.S. and Vietnamese sides are carrying out the 18th joint search for missing-in-actions in a number of locations in central and southern Vietnam. The U.S. side has many times praised Vietnam's cooperation in the implemention of agreements reached between the two countries on the settlement of humanitarian issues, particularly the missing-in-action issue.

Vietnam has always acknowledged the positive steps taken by the U.S. toward the [words indistinct] issue of Vietnam. However, those steps that the U.S. has undertaken have so far not met the aspirations of the peoples of the two countries or their interests. Public opinion is waiting for further positive steps from the White House in the normalization of relations between the two countries.

U.S. MIA Officials Expelled

BK1607013092 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 15 Jul 92

[Text] Answering a REUTER correspondent's question on 14 July on the expulsion of two U.S. officials in Vietnam with an MIA search team, the Vietnam MIA Search Agency said: Recently, two U.S. officials who are based in Vietnam with the MIA search team demonstrated a provocative attitude, insulting and causing indignation among the local people. On 8 July, the Vietnam MIA Search Agency asked the U.S. side to have these two officials removed from Vietnam so that the Vietnam-U.S. cooperation in accounting for MIAs would not be affected.

The U.S. side expressed regret at the erroneous actions of these two officials and sent them out of Vietnam on 10 July.

MIA Issue Seen as One-Sided

BK1607134592 Hong Kong AFP in English 1318 GMT 16 Jul 92

[By Andrew Sherry]

[Text] Hanoi, July 16 (AFP)—A Hanoi official complained Thursday that more attention is paid to missing U.S. servicemen than missing Vietnamese, a week after two U.S. searchers were expelled for allegedly insulting Ho Chi Minh.

Vu Mao, chief spokesman for the National Assembly, also charged that "certain persons" were manipulating the missing-in-action (MIA) issue to prevent the United States from improving relations with Hanoi.

"In my electoral district there are around 100 (Vietnamese) MIA families. They ask me, 'Does my National Assembly pay any attention to this question?'" Mao said.

"Certain people only pay attention to the question American MIAs and they don't pay attention to the Vietnamese MIAs," he said, adding that there was a "lack of goodwill."

Hanoi says 300,000 of its soldiers and guerrillas went missing during the war against the U.S.-backed Saigon government, which ended with communist victory in April 1975.

The U.S. Defense Department lists 1,657 Americans as unaccounted for in Vietnam. Many Americans believe some are still being held prisoner though Washington says no credible evidence to support the belief has been found.

"My constituents consider there is an imbalance in the MIA question, and they ask me, 'Why does the United States continue the embargo?," Mao said.

His comments, during a briefing for diplomats and journalists on Vietnam's upcoming elections, came as U.S. Defense Department teams wrapped up a month-long search for clues to the fate of U.S. MIAs that was marred by the expulsion of two team members.

The men, one a civilian and one a military member of a search team working in the central province of Quang Binh, left Vietnam on July 10 at the request of Vietnamese authorities, said Lieutenant Colonel Jack Donovan, head of the U.S. MIA Office in Hanoi.

One of Donovan's Vietnamese counterparts, an official from the Vietnamese Office for Seeking Missing Persons (OSEP), said the men were asked to leave after taking a disrespectful photo involving Vietnamese hero Ho Chi Minh.

He gave no details, but an informed source said one of the men, an American of Vietnamese origin, posed with his fist close to the face of a Ho Chi Minh portrait while his partner snapped a picture.

"The villagers were very angry, so to preserve their cooperation, which is essential to the search effort, we asked that the two men leave the country," said the Vietnamese OSMP official, who asked not to be named.

The official said he did not think the incident would hurt efforts to resolve the MIA question, the last major obstacle to the establishment of diplomatic relations between Washington and Hanoi 17 years after the end of the Vietnam War.

Donovan said the expulsion did not alter the schedule of the month-long search operation, but he said he could not comment further on the incident because an investigation was under way.

The five teams, who excavated air crash sites or conducted investigations in Quang Binh, neighboring Quang Tri and the southern province of Phu Yen, were assembling at Da Nang and would leave Vietnam on Saturday, he said.

The 18th joint U.S.-Vietnamese search for American MIAs since 1987 "had some success," though teams in the central provinces had been hampered by a typhoon and heavy rains, he said.

"We'll know how successful it was when remains that have been recovered ... are identified," he said.

Radio Comments on U.S. Presidential Election

BK1607133992 Hanoi Voice of Vietnam Network in Vietnamese 0015 GMT 12 Jul 92

[Article by Thai Duc: "The Beginning of the Race for the White House"]

[Text] Differing from previous races for the White House when there were normally two rivals from the Democratic and Republican Parties, this time the race has a third rival, billionaire Perot as an independent candidate. Although Perot has not officially registered for the race, he already appears at the starting point to probe the public while incumbent President Bush of the Republican Party and Mr. Clinton of the Democratic Party are already official candidates for the election. Recently, Mr. Clinton selected Senator Albert Gore to be his partner in the election campaign.

In his election campaign speeches, Bush was proud of achievements by America and has boasted about his own leadership ability. He claimed that he had great and earth-shaking success in the Gulf war and in ending the cold war. At the same time, American newspapers have been criticizing the Bush government for continuing the cold war game in Vietnam by not lifting the outdated trade embargo before establishing normal relations with Vietnam.

In his statement to the joint session of the House of Representatives and the Senate, President Bush loudly declared that the new American strategy is to maintain the U.S. leadership in the world. That means that America, from the application of the hegemonic strategy, has changed to a self-proclaimed world leader. The Bush administration's ambition is to govern the world. But in reality, as it is seen by the world public, how can the bleak economy of America compete with the EEC and Japan? Moreover, the multiaxial trend of world development has been creating many economic centers and, with America's limited ability, how can the leadership of Mr. Bush reach these places? The differences between the United States and G-7 countries at the last Munich meeting are a concrete symbol of the changing of the external relations and internal policies in the world.

In its 29 June issue, THE NEW YORK TIMES describes the economy under the Bush administration as the worst compared to any other administration since World War II. Slow economic development, trade recession, and increasing poverty and unemployment are badly affecting even the middle class while the national defense budget still accounts for nearly $300 billion. The federal budget deficit is $400 billion. Violence of the Los Angeles-type continues to cause worry and a confidence crisis in the American people. Most American voters maintain that Mr. Bush is a person who only knows how to deal with crises, while the country is in need of a creative and far-thinking leader.

American newspapers also focus on the verbal conflicts between Bush and Perot. In its 25 June issue, the USA TODAY newspaper excerpts Perot's saying that Bush's accusation of Perot's investigation of Bush and his family is the dirty work of the Republican Party designed to taint Perot's reputation. Perot intends to exploit the POW-MIA to galvanize the American public in his election. He said that the Bush administration has not tried to establish whether there are any live American prisoners in Vietnam or not.

While Bush and Perot continue their fighting, according to a remark by the CHRISTIAN SCIENCE MONITOR, the new platform of the Democratic Party, with the intention of making American voters recognize it as a way to change and improve the American economy, outlines the reform of the social welfare system, creates jobs, and spends more money for schools and public roads. Mr. Clinton won the voters' applause when he challenged Bush and Perot to present their own economic plans.

THE NEW YORK TIMES on 19 June predicts that if Bush is not reelected, It is quite right to say that his economic management is the main reason for his failure in the race. Recently, when interviewed by American ABC Television, Bush admitted that his decreasing popularity is due to the sluggish economy. He has not been able to keep his promises in his previous election campaign of not increasing taxes.

The road to the White House is still far and they are not in the galloping stage yet. The next American president depends on the decision of the American voters. But maybe the world public as well as the American people are paying more attention to find out whether the candidates' promises are realistic or not and whether their issues brought up at the campaign are for the actual benefit of the American people or only for the benefit of the financial tycoons.

Official Views Regional Meeting on Spratlys Issue

OW1507160892 Hanoi Voice of Vietnam in Mandarin 0830 GMT 15 Jul 92

[From the "Commentary on Current Events" program]

[Text] Listeners: A Vietnamese delegation recently attended an unofficial meeting held in Indonesia to discuss potential conflicts in Dong Hai [the East China Sea], as well as specific solutions to those conflicts. A reporter of Vietnam's QUAN DOI NHAN DAN recently interviewed Tran Cong Truc, member of the Vietnamese delegation and vice chairman of the Border Affairs Commmittee under the Council of Ministers of Vietnam. Tran Cong Truc's remarks follow:

Tran Cong Truc said: Compared with the previous three meetings, the one held in Indonesia was the largest. Attending the meeting were 60 official representatives from 10 countries and regions—Vietnam, China, Laos, and Taiwan, as well as the six ASEAN members. They had seven sessions during the four-day meeting to discuss scientific and technological cooperation in Truong Sa and Hoang Sa, environmental protection, and safety of shipping in the areas. They also studied ways to handle these two island groups' biological and microbiological resources, territorial security, and the scope of national jurisdiction, as well as sovereignty over these islands.

Tran Cong Truc said: The Vietnamese delegation read two reports at the meeting. One is about peace in adjacent waters, and the other is about calamities caused by the sea, as well as specific measures for solving the aforementioned problems. In their speeches, the Vietnamese representatives reiterated Vietnam's territorial sovereignty over Truong Sa and Hoang Sa, and how it genuinely [words indistinct] peacefully exercises its sovereignty over these islands in accordance with international law and international norms. Nevertheless, on the basis of respecting sovereignty, and in the interests of all relevant parties, Vietnam is willing to sit down to talk with them. Moreover, Vietnamese representatives also gave a report at the meeting about the latest information which Vietnam has acquired from conducting scientific study on those archipelagoes. The meeting proposed to Vietnam to attach this valuable information to the meeting's official documents.

Tran Cong Truc added: As result of the meeting, representatives from all countries concerned have a deeper understanding of Vietnam's sincerity and stand. The representatives also proposed that there should be more meetings like this one so as to promote mutual understanding among all countries, to find the best way to settle the disputes, and to promote peace, stability, and cooperation in the Dong Hai area.

PRC Occupied Spratly Island in Feb

BK1607080292 Hong Kong AFP in English 0753 GMT 16 Jul 92

[By Andrew Sherry]

[Text] Hanoi, July 16 (AFP)—Chinese troops occupied another island in the disputed Spratly chain in late February, but Hanoi issued no public protest because it hoped to defuse the situation through dialogue, Vietnamese officials said Thursday.

The island was seized "very shortly after" China's parliament passed a law on February 25 reaffirming Chinese sovereignty over the South China Sea islands, an official from the Vietnamese Council of Ministers' Continental Shelf Committee said.

Da Ba Dau, or "Three-Headed Rock" as the island is called in Vietnamese, is located at approximately 9 degrees 55' north and 114 degrees 45' east. It is the eighth island occupied by China, which moved into the Spratlys in March 1988 amid a naval clash with Vietnamese forces, the official told AFP.

Hanoi's February 28 reaction to the passage of the Chinese law was relatively mild and made no mention of the island seizure. It reaffirmed Vietnam's claim to sovereignty over the Spratly and Paracel islands, and reminded China that the two countries had agreed, when they normalized relations in November, to settle their differences through peaceful negotiations and refrain in the meantime from complicating the situation.

By contrast, when Chinese troops allegedly planted a sovereignty marker July 4 on a tiny reef in the Spratlys that is submerged at high tide, Vietnam reacted by accusing China of having "seriously violated Vietnam's territorial sovereignty."

An official with close ties to Hanoi's leaders confirmed that Vietnam's policy on the Spratlys had evolved since late February.

"Before, we wanted to resolve the situation through dialogue and avoid harming the normalization process," said the official, who spoke on condition that he not be named. "We still want to reach a solution through dialogue, but we realize that we also need to make public protests and try to mobilize international opinion or China will just keep expanding in the (South China) sea."

The turning point, the official said, came when Beijing on May 8 awarded an oil exploration concession between the Spratlys and the southern Vietnamese coast to a small U.S. oil company, Crestone Energy Corp. The concession, according to the continental shelf specialist, is not even in the sphere of the disputed islands but rather is part of Vietnamese territorial waters. It borders on offshore oil blocks that Vietnam has leased to major international oil companies including British Petroleum, he said.

In an effort to counter the push of China, which has East Asia's largest navy, Vietnam will try to be the first to establish a presence on any newly discovered islet in the Spratlys, the senior official said.

"Once the Chinese occupy an island it is extremely difficult to dislodge them. Neither side wants a military confrontation," he said.

In a clear appeal to the other Southeast Asian countries with claims to the Spratlys, Hanoi has warned that Chinese moves could undermine regional stability.

Taiwan, the Philippines, Malaysia and Brunei also claim all or part of the Spratlys, a far-flung archipelago in the southern South China Sea that counts 33 islands and at least 100 more islets, banks and reefs. According to Hanoi, Vietnam has a presence on 21 islands or islets, China eight, the Philippines eight, Malaysia four (Kuala Lumpur reports only two), and Taiwan one—the biggest.

Vietnam is due to sign later this month the Bali Treaty, which it sees as a first step toward membership in the Association of Southeast Asian Nations (ASEAN). While the senior official insisted that Vietnam's efforts to improve relations with the ASEAN do not come at the expense of relations with China, he acknowledged that Beijing could view things differently.

"The Chinese are worried that our rapprochement with ASEAN could stop them from exercising their influence in the (South China Sea)," he said. Beijing's selection of an American oil company to test the waters was also not by chance, he said.

"Officially, China does not object to our rapprochement with ASEAN or normalization with the United States, but they are at least trying to slow it down," he said.

But the official said he remained "optimistic" that the differences between China and Vietnam could be settled without a military conflict.

Radio Reviews Opinions on Khieu Samphan Faction

BK1507141092 Hanoi Voice of Vietnam in English 1000 GMT 15 Jul 92

[Text] Until now the Khieu Samphan faction still refuses to cooperate with the UNTAC [United Nations Transitional Authority in Cambodia] and other three Cambodian factions in the implementation of the peace process in Cambodia, so that the Khmer Rouge faction is under fire from the world at large. Following is our review of the diplomatic opinions on this issue.

The Khieu Samphan faction has put forth many extra demands which are contrary to the Paris accords such as the call for dissolution of the Phnom Penh government and the recognition that there are still foreign troops in Cambodia. The faction even uses these regulations as pretext for refusing to cooperate with UNTAC and the other Cambodian factions in the implementation of the second phase of the peace process in Cambodia.

In regards to this matter, a U.S. [as heard] representative said there is no prerequisite for the implementation of the Paris agreement. Documents for an overall solution to the Cambodian issue did not include the provision classifying the necessity of dissolving the present Phnom Penh Government.

As to the presence of foreign troops in Cambodia, the UN representative said it was a sheer fabrication. Foreign observers in Cambodia and even some Cambodian politicians had stated many times that there is not a single foreign troop in Cambodia. Mr. Akashi, the chief of UNTAC had repeatedly said that if the Khieu Samphan faction sees any foreign troops in Cambodia, just inform him and he will go there to investigate. However, so far, there is no truth of the claim.

The world public is now worried about the Khieu Samphan obstinate attitude toward the peace plan in Cambodia. The French news agency AFP recently quoted Japanese Premier Kiichi Miyazawa as speaking at the press conference in Tokyo on Sunday that the Khieu Samphan faction's cooperation in the peace process in Cambodia is at a very fragile point.

So far, they have not handed over their weapons as stipulated in the Paris agreement. The former U.S. CIA Director William Colby said diplomatic efforts in putting an end to two decades of suffering by the Cambodian people are being destroyed by the Khmer Rouge because they have refused to hand over their weapons and let UN enter zones under their control. The Khmer Rouge's armed forces have also refused to regroup to UN side. Mr. Colby further said that in such circumstances, the peace process should be continued as scheduled without the participation of the Khmer Rouge.

Le Kha Phieu on Assembly Election Preparations

BK1507142392 Hanoi Voice of Vietnam Network in Vietnamese 2330 GMT 12 Jul 92

[Interview with Lieutenant General Le Kha Phieu by QUAN DOI NHAN DAN correspondent on preparations for election of deputies to the Ninth National Assembly; place and date of interview not given—read by announcer]

[Summary] Dear comrades and friends: In its recent issue, the Army paper QUAN DOI NHAN DAN carried an interview by one of its correspondents with Comrade Lieutenant General Le Kha Phieu, secretary of the party Central Committee, head of the Political General Department, and member of the Council for the Ninth National Assembly Elections. The questions and answers from the interview are as follows:

Asked to comment on the preparations made so far by military units for the election of deputies to the Ninth National Assembly, Lt. Gen. Le Kha Phieu said: "In compliance with the seventh party congress resolution, the directives of the Political Bureau and the Council of Ministers, and the guidelines set forth by the Government Organization Committee and the Vietnam Fatherland Front Central Committee, all military agencies and units have finished making basic preparations for the election of deputies to the Ninth National Assembly."

"Generally speaking, all units have worked enthusiastically and positively to make preparations for the election. From cadres in charge of military regions and corps commands down to soldiers forming basic units, everyone has clearly realized the Armed Forces' political responsibility for the National Assembly election, regarding this event as a widespread political drive for the entire party, people, and Army to exercise the right of mastery and fulfill the obligation of each cadre and soldier by positively and voluntarily coordinating with the local authorities in conducting far-reaching propaganda activities among Army units and the people by helping maintain public security and order, and by helping secure conditions for the election to score fine results."

In dealing with the specific tasks that army units should focus on from now until election day, Lt. Gen. Le Kha Phieu said: "First, it is necessary to coordinate with the local administrations in making arrangements for candidates and voters to meet in a democratic, realistic way, thus creating conditions for cadres and soldiers to elect the right deputies to the National Assembly. Second, measures must be taken to guarantee security and order for the election. Along with ensuring good material and technical conditions and adequate communications in support of the election, it is necessary to see to it that voting booths be set up in decent, convenient places with enough cadres to oversee voting and vote-counting activities. All units must take positive precautions against natural calamities or enemy-caused disasters so election day will become a genuine festival for the entire people and Army. It is necessary for everyone to further heighten vigilance, seriously follow all combat alert procedures, and join hands with other Army units and people in the bivouacking areas in satisfactorily ensuring internal security and public safety and order, thus guaranteeing conditions for the election to take place safely and successfully."

Asked about organization of the election of deputies to the Ninth National Assembly by Army units, Lt. Gen. Le Kha Phieu gave a general answer as follows: "Based on the law on election of National Assembly deputies and on the specific conditions of each locality, Army units are to contact the authorities in the localities where they are stationed to set up ballotting areas and organize the election as stipulated by law, bearing in mind the need to guarantee favorable conditions for military personnel to study the personal records of the candidates, select the ones they can trust, and personally cast their votes as citizens. Units having between 300 and 2,000 voters each may set up separate ballotting areas. Battalions and regiments may serve as ballotting areas. Local military commands are to follow local peoples committees' guidelines on organization of the election. Units situated near one another may use a common ballotting area but the total number of voters may not exceed 2,000. Units operating in distant, remote localities like border or island areas, storage facilities, stations, hospitals, and convalescent centers having 50 voters or more each may set up separate ballotting areas. Mobile ballotting boxes may be arranged in each ballotting area to enable seriously crippled war invalids or seriously ailing soldiers to cast their votes."

In response to the last question concerning the duty of military units to guarantee the right to vote for a number of military personnel who have violated discipline but who are not yet subject to legal prosecution, educational measures, imprisonment, or temporary detention as determined by organs of control or the court, Lt. Gen. Le Kha Phieu said: "The election must be carried out in a democratic atmosphere as stipulated by law. Under existing regulations, those individuals have not lost their rights. Therefore, measures must be taken to enable them to exercise the right to elect National Assembly deputies."

"Our Army is part of society and serves as an effective, trustworthy instrument for the party, state, and people to build and protect our administration and regime. Together with the people, local administrative organs, and compatriots nationwide, let cadres and soldiers clearly understand their duties and rights as citizens, carry out mass mobilization work, and devote efforts to successfully organizing the election of deputies to the Ninth National Assembly."

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[Hanabusa] Mr. Takagi mentioned that allowing foreign workers in is considered an international contribution. I do not think receiving foreign workers is an international contribution. In the case of the Vietnamese refugees, for instance, Japan may be criticized for not making an international contribution if it refuses to accept the refugees when other countries are accepting them. The question of accepting foreign workers is not one of international contributions. It is a problem of how to rationally use foreign workers to meet Japan's needs.

[Takagi] I do not think that to accepting foreign workers is an international contribution. But I do understand that foreign workers are flowing to Japan because it is an attractive place for making money, especially for foreign workers where per capita GNP is only several hundred dollars. Yet, I hope that so-called illegal employment will be clearly regulated, although I still wonder if it is enough to accept foreign workers merely within limits allowed by the immigration law.

It is also true that many Japanese enterprises are currently short of manpower; this necessitates the introduction of foreign workers.

In order to balance the situation, certain makeshift attempts are in the works, like extending training, which presently ranges from six months to one year, to a longer period. If foreign workers are to be accepted under these conditions, it will be necessary to fully study and clarify the concomitant conditions in order to stave off various problems arising therefrom.

The problem of foreign workers is one with which Japan is being forced to grapple, given recent world attitudes toward Japan. We have to grasp reality as reality, although we do not have to flatter foreign countries unnecessarily.

[Hanabusa] When we study the behavior of various countries, I think we can identify the philosophies of individual countries. Japan's philosophy, for example, is to assist developing countries that want to raise their standard of living and eventually to prevent the unstemmed flow of labor from a country where per capita GNP is several hundred dollars to one where it is several thousand dollars. But this approach will take too much time.

Yet, the problem with Japan that I want to point out is the fact that its population growth is in steep decline. The fact that a woman bears only 1.53 babies in her lifetime is a matter for public concern. On the other hand, the size of the economy is growing rapidly. Although some of the labor shortage can be compensated for with robots or improvement in productivity, I am personally aware of the problem that labor shortages may become a bottleneck in the middle and long term if foreign workers are not introduced.

Therefore, although I might be seen as quibbling over semantics, introducing foreign workers should not be taken as a contribution by Japan, that is, as a cost Japan is forced to pay. I agree with Mr. Takagi that we should not actively encourage introduction of foreign workers only when we are in need and then treat them unkindly when our economy slumps. This is a very serious problem for the government, enterprises, and labor unions.

[Miyoshi] While large, medium-sized, and small enterprises all exist, there has been a tendency for foreign workers, particularly those who entered Japan illegally, to be employed by medium-sized and small enterprises. Reportedly, there is still a considerable number of foreign workers.

Since Keidanren represents medium-sized and large enterprises, we think it desirable for enterprises to do without such illegal employment to the extent possible. Instead, we can legally accept foreign workers as trainees. Training is multipurpose. While we supply needed laborers, developing countries can make money and transfer technology. After studying, working, and making money for a certain period, these workers can go home.

To attain this goal, we could expand the scope of training for next 10 or 20 years. Although unskilled labor should be excluded, we can receive semiskilled workers, including workers for on-the-job training. After all, we need foreign workers because the shortage of labor in Japan is a structural problem. Yet, we will not accept foreign workers without limit. We should arrange agreements with respective countries and receive foreign workers within the agreed framework. Workers would then go home once the agreed-upon period expires.

The problem is, however, that some workers are likely to stay in Japan permanently. They can qualify as permanent residents if they marry a Japanese national; in certain cases, they can even acquire Japanese citizenship. Problems will exist in the future if the number of foreign workers continues to increase.

In any event, foreign workers in Japan, whether they entered Japan legally or illegally, should not be treated mercilessly or be forced to work under very inferior conditions with respect to medical care or other factors compared to Japanese workers. In my opinion, both enterprises and the government should take up this problem.

[Hanabusa] I agree completely.

Coexistence With Overseas Countries Is, After All, a Diplomatic Problem

[Miyoshi] Although recently the term coexistence is popular, the idea has existed since the old days, in the form of coexistence with nature and coexistence of human beings. For several years now, however, the necessity for coexistence of community and enterprise and of consumers, breadwinners, and enterprises have been emphasized. There have been active discussions on the problem of working hours and of karoshi.

The need to coexist with other countries has been in the forefront of discussion for about six months, and Keidanren has been grappling with the theme. Through our studies, we have learned that in many cases the coexistence that Japanese and overseas industries share with domestic consumers and the community are of the same nature. Now that we understand that coexistence within the country and with overseas countries should be based on same philosophy, I would first like to make it clear that we are beginning to reconsider the traditional way of looking at enterprises. We have been evaluating business activities from a rather narrow viewpoint, giving consideration merely to that which is beneficial to the nation or to enterprises.

Besides, when we talk about coexistence, we have to face the problem of how to grasp the relationship between the nation and enterprises and between the nation and the labor unions. There is also a question of whether it is possible to demarcate borders in the business world. Although the confrontation between communism and capitalism no longer exists, there is, of course, the confrontation among capitalist nations. I presume nation-states will continue to exist. It is true we have the example of the EC. Yet, we have to understand that the idea of unifying European countries existed in the prewar period. It has taken about 100 years for them to finally realize economic and currency unification. Although we are not sure yet about their political unification. (laughter)

Therefore, when we consider the problem of how far business can expand its activities, although there will be the occasional case where a certain company moves its headquarters to Hong Kong, or a certain company moves its headquarters to such and such a state in the United States, we think that such cases will be few and far between, and the great majority of enterprises will be run by the Japanese within the framework of Japanese culture.

Under the circumstances, it may become necessary to consider, to a certain degree, the national benefit and that of enterprises side by side. It is desirable that both the national government and enterprises make it their policy to see to it that benefits for enterprises and benefits for the nation will eventually contribute to the entire world and all human beings. Therefore, it seems to me that in a broader sense the problem of coexistence is after all a problem for diplomacy. We should deal with the whole problem of the coexistence of the Japanese economy with the U.S. and European economies. In the short run, we may have to deal with coexistence within a limited scope, for example, the coexistence of Japanese and overseas industries, coexistence of Japanese and U.S. automobile industries, and coexistence of Japanese industries and European enterprises. I also think that the problem of coexistence is related to economic, security, and other aid policies and even with educational policies which reflect cultural background.

There Will Be Problems With Balancing Employment in Japan and Employment in Foreign Countries

[Hanabusa] As I have heard from many people in the United States, they are concerned about how far across the globe Japan will extend its scope and whether Japan is going to leave some territory in which others might live. Some people even go so far as to say that Japan may be attempting to take control of the world economy.

However, if the problem of coexistence is a problem of philosophy, as Mr. Miyoshi mentioned, and as far as philosophy is concerned, foreign countries are considered to be even favorably understanding Japan as voluntarily refraining from expanding its share to a certain degree, and also, as changing its philosophy toward—to use a simple English expression—a live-and-let-live attitude.

In that case, there inevitably emerges the problem of excessive competition. The phrase excessive competition is so very Japanese that it seems there is no equivalent phrase in other countries. Interpreting this phrase will be a problem for us. It is not possible to oppress excessive competition by restrictive means, as there is an international rule prohibiting restriction of competition.

When a Japanese enterprise intends to arrange coexistence with a foreign enterprise, one possible pattern is that the Japanese enterprise will affiliate itself with the foreign enterprise, thus forming grounds for competition among international affiliations. The Japanese enterprise might choose to impose self-control to a considerable extent, artificially creating a share for the foreign enterprise. This problem seems to me to be rather essential although there seems to have been not much discussion on this point.

Mr. Miyoshi mentioned that the problem of Japan coexisting with foreign countries is a problem for diplomacy. It is true that we have to approach the problem of coexistence from the viewpoint of enterprises and of the nation. For instance, it was a serious thing in the United States in the 1960's when U.S. multinationals moved their production facilities to foreign countries. This meant that jobs were exported in quick succession. The AFL-CIO [American Federation of Labor and Congress of Industrial Organizations] strongly opposed this export of jobs. Eventually, the problem was solved with multinationals winning the argument by invoking the philosophy of deregulation.

In Japan's case, as the imbalance of commodity trade becomes too large if goods are produced within Japan and exported to the United States and Europe, Japanese enterprises began producing abroad, first moving to the United States and then to Europe under the pretext of producing goods close to their potential market. Certain products are being reexported to Japan.

The potential problem with this practice, which will inevitably surface, is balancing production in Japan, that is, employment of Japanese workers, with production in foreign countries, that is, employment of foreign workers. If labor costs are to be raised domestically by artificially imposing extensive restrictions on the ingress of foreign workers, then business activities will naturally flow outward to foreign countries. It means the more artificial restrictions there are, the more countermeasures there will be. Therefore, when we consider enterprises' problems in relation to those of the nation, we have to understand the fact that the benefits to enterprises and the benefits to workers are considerably influenced by government policies.

Fundamental Problem Lies in the Fact That Modernization of Noncompetitive Fields Is Being Delayed

[Takagi] When we consider various factors like limited resources, environmental problems, labor force, and security, we face the question of whether Japan will always be a winner. Even in mahjongg, if one player keeps winning, the other three naturally get irritated. In that sense, it will become necessary for Japan, in carrying out its economic activities, to take into account to what extent and to what degree Japan will be allowed to stake its claim in the world. While I agree that the problem of coexistence is important, it seems to me that coexistence, after all, means that Japan should reduce the pace of its economic growth to a certain degree.

Talking about the labor force again, though there are still a number of textile workers in our union, Japan is an importer of textiles. As you know, Japan used to be an absolutely superior exporter of textiles. Although there is a certain sentiment on our side concerning textiles, we have anyhow achieved peaceful coexistence with East Asian countries and ASEAN member countries. Frankly, we did have a very hard time solving employment problems that arose in the process of achieving our goal. It happened that the Japanese economy was growing at that time, creating favorable conditions that enabled us to live on electricity if we could not live on textiles. Our experience teaches us that there are various patterns of international coexistence, including technology transfer, provided, of course, that the partner is willing to cooperate.

A meeting of the Economic Planning Agency's 2010 Committee discussed the necessity for Japan to express its willingness to accept foreign labor, in order that it might increase its GNP from the present 400-odd trillion yen to 500-600 trillion yen.

Particularly in dealing with employment problems, labor unions are, frankly speaking, on the defensive, and it becomes necessary for unions to ask the government or enterprises to ensure that these workers, once employed, will find jobs somewhere.

[Hanabusa] In realizing peaceful coexistence, Japan, compared to other countries, can be proud of the fact that, particularly in the manufacturing industry, when a certain sector becomes less competitive it seldom tries to prop up that sector by artificial means. I think this is a wonderful tradition in Japan, and the textile industry is a good example of an industry that has found its way through such a difficult situation.

By the way, while the standard of living can be elevated by an increase in income, that is, by attaining high economic growth, it can be similarly attained by reducing commodity prices. One of the seven wonders of Japan is the fact that commodity prices do not drop while the yen is so strong. Even foreign countries consider this phenomenon very strange. For some time, we argued that the problem lay in distribution and that commodity prices did not drop because modes of distribution were outdated.

More to the point, the problem lies in the fact that modernization of noncompetitive sectors, that is, sectors other than manufacturing, has been considerably delayed. Of course, we are not arguing that agriculture and the manufacturing industry should be treated on a totally equal basis. Yet, it is also true that productivity of noncompetitive sectors should be increased in order to maintain a balance with sectors that contribute to reducing prices. Otherwise, people will be forced to pay these high prices.

In our argument, we should not separate out agriculture and rice and discuss whether they should be protected. It is absolutely necessary for us to discuss how to deal with sectors with low productivity levels within the framework of Japan's macroeconomy.

After All, the Nation State Is To Live Even If Globalization Develops

[Miyoshi] What I mentioned before was that in the case of coexistence between a particular business field in Japan and a particular field in foreign countries, there are various measures available to realize such coexistence. However, since the problem of coexistence is also to take place in other fields of business, in such a case coexistence in its true sense cannot be realized unless national policies, including diplomatic policies, are clearly structured to encourage coexistence.

As to the problem of excessive competition among enterprises as pointed out by Mr. Hanabusa, certain excessive competition is being created by the Japan-type management, and indirectly by government policies. While there can be various factors, the basic one is considered to be the diligence of Japanese workers which is fostered through the Confucian tradition. In addition, there is the fact that Japanese enterprises do not lay off workers even in business slumps. This is evident in the statistics. When U.S. and German enterprises resorted to layoffs in order to maintain their profits when business became stagnant just after the oil crisis, Japanese enterprises refrained from layoffs, reducing profits to maintain employment.

Consequently, enterprises are forced to sell their goods by any means to at least earn variable costs. Moreover, they sell the goods to foreign countries if business is stagnant domestically. They did not first establish their sales target and then their endeavors to expand their share. Their share was expanded only as a result of their dumping-like sales activities.

What I was trying to say before is that nation-states will continue to exist. U.S. enterprises were once supposed to become multinational, then nonnational. Today, however, they are almost forming a fortress America, with the U.S. Government availing itself of "the offensive is the best defense" philosophy and criticizing Japan for its closed market. The problem of automobiles is one example.

A similar situation exists for the time being as it is going to take time for the United States to recover its competitiveness. Even in the case of Europe, they inevitably tend to be defensive against the outside world until unification is completed. That is why I suppose a similar situation will continue to exist. I think Japan should not continue to make concessions under such a situation. The social structure of Japan has its own good aspects. Japan is an industrial community, with the middle class at its center and, in the case of large enterprises, most of the company executives with few exceptions being employed executives whose remunerations and life style are almost the same with those of general employees. I think these aspects should be retained, and even hope European and American countries may learn lessons therefrom.

Therefore I do not think it necessary for Japan to totally surrender its fortress. If the rate of our concession is 60 or 70 percent, then foreign countries may concede up to 30 or 40 percent to Japan. I am proposing that in order to attain its purpose, the government should appropriately play its role through diplomatic activities, otherwise coexistence in its true sense cannot be realized.

[Hanabusa] Though you mentioned that Japan is to concede 60 percent and request its partner to concede 20 or 30 percent, in my opinion Japan has been conceding a considerable extent. That is the reason why recently the phrase "government reach" is often being used at Japan-U.S. negotiations, indicating the limit of government power.

In the case of automobiles, the limit of concession for a very large automaker was that they felt obliged to buy parts from foreign countries as a means of adjusting the trade imbalance. In the case of paper, however, negotiations are continuing on the premise that it is impossible to fix a target share because there are innumerable consumers. Through negotiations with the United States—who is most closely linked to Japan—it has become clear that, although certain fields are within government reach, certain fields are beyond such reach.

As Mr. Miyoshi mentioned before, The most difficult problem at this point is the one of customary practices. Although the government is trying to explain that such customary practices are never intended to exclude foreigners, we should admit there are many customary practices which constitute barriers difficult to clear for foreign enterprises or new comers.

When we consider the problem of coexistence, it seems certain that nation states will continue to exist. However, since business activities are being globalized, Japanese enterprises will not be allowed to domestically retain its customary practices—different from those of other countries—while conducting business activities on the world stage.

Under these circumstances, the most difficult problem for Japanese enterprises and the government is where to find the point of compromise.

[Miyoshi] The customary practices can either be removed one by one or through drastic measures that follow a model case.

Business practices are of a very exclusive nature, although they have their own merits within the affiliated enterprises. Keidanren wants each enterprise to set up guiding principles for business behavior to be publicized at home and abroad openly showing its purchasing routes. However, it is going to take time to make this idea thoroughly understood.

One idea is, as Mr. Hanabusa mentioned before, to let U.S. and European enterprises participate in such fields as automobiles and electronics, which are considered by foreign countries to be a great threat. Although it is more efficient and economical for Japanese enterprises operating in foreign countries to take parts manufacturers with them from Japan, they might purchase foreign products and sacrifice profitability to some degree. We are hoping that certain Japanese enterprises, ideally those who are in leading positions, act as pioneers in adopting this practice, creating various model cases which may somehow appeal to the taste of the mass media and, in turn, be followed by a number of other enterprises. Although we may be expecting too much, this practice could make foreign enterprises feel that "we can be a family member" and that "Japan is not the threat."

According to a news article, a specific goal is linked to a recent reshuffle of Keidanren leaders (laughter).

[Hanabusa] Very positive appraisals are being heard in the United States concerning the idea of having foreign enterprises cooperate at the design stage. To have foreign enterprises participate at the design stage means that information involving even business secrets will be given in advance to foreign subcontractors or parts manufacturers. Also, they will be required to supply quality products that meet the standards of Japanese enterprises. Proper attention should be given to the merit of this practice, which gives us hope.

The General Public Can Internationalize the Japanese Community by Getting Angry

[Takagi] In an industrial policy very recently outlined by the Automobile Federation, the people working in the

Japanese automobile industry are saying that they are experiencing a "trilemma." The trilemma is this: the work is difficult; the company is not earning a profit; and workers are never praised no matter how hard they work and, instead, are always being scolded (laughter). By these comments, we can see that even the people who have been making Japanese cars occupying the top ranking in the world are beginning to reconsider their business.

Monetary policy, in terms of economic fundamentals, should also be criticized. Recently, the Bank of Japan reduced the official discount rate several times. Although the reduction may have been inevitable in view of the stagnant stock market, and although labor unions are not necessarily critical of the reduction because they can expect a certain return if business conditions improve, there does exist the criticism that, on one hand, banks are collecting money from petty depositors at a lower cost, and, on the other hand, they are...

On the other hand, it happens that the Ministry of Finance is displaying shameless behavior. Regarding the large decline in the price of stocks held by banks, and with the intention of implementing countermeasures, the ministry made an advance calculation to show that the banks could have realized an operational profit if they had been engaged in ordinary business practices. The ministry is publicly announcing that someone is going to make money while interest rates on deposits are being kept low. Such moves cannot be tolerated, particularly by people living on pension. I feel that the Japanese general public is beginning to feel that something is wrong, as well as beginning to feel anger against these moves. Anger is going to internationalize the Japanese community, or, as is more likely, the Japanese community may not be reformed unless criticized from the U.S. side.

As Mr. Miyoshi mentioned, however, Japan has a rather fair structure in vertical income distribution, although the distribution is never equal if we compare a salaried worker with a proprietor.

In a book written by a certain Briton, it was said that under the capitalistic system Japan has been able to create an equal society—the goal pursued by the communist countries. I feel that it is also necessary for the leaders of the U.S. business community to understand this aspect of Japan.

To Reduce Walls Among Nation States Contributes to National Profit of Japan

[Kasuya] As Mr. Miyoshi mentioned, it is very significant that nation states will continue to exist. If we do not settle ourselves on this, it will turn out that words such as borderless economy or globalization will float in midair. We see unification as well as disintegration occurring in Europe. However, for Japan the only way to live is to live as a nation-state for the next half century. From now on the problem for Japan is how to cope with globalization without losing its own culture.

[Hanabusa] The United States has the most open and the largest market.

Europe may obtain an even larger market if unification of their market is carried out as was recently agreed upon. While nation-states are going to exist, the problem is what kind of economic policies are those nation-states going to take. It is clear Japan will incur the greatest loss if these countries to a large extent act selfishly.

Then there arises the question of whether Japan should form a similar bloc with East Asian or Asian countries, which also contains an essential difficulty. Directly speaking, it is by no means possible for the Japanese market to accept from various countries exports which are presently being accepted in the U.S. market. Therefore it follows that though nation states are to exist, it is absolutely necessary for the national profit of Japan to reduce the walls between nation states. If that is the real national profit, it is evident partial national profit should to a certain degree give way to the total.

[Miyoshi] I quite agree with Mr. Hanabusa. Recently I visited the EC twice, and was strongly impressed as regards several points. One is that they have more threat awareness than our supposition. Therefore, we proposed coexistence since we thought victory might lead to defeat.

Another point I was strongly impressed with was that the scale of their negotiations for unifying the EC was several times larger than those of the Structural Impediments Initiative. During the negotiating process, EC members were even placed on the verge of renouncing their sovereignty. They are endeavoring to maintain peace and vivid prosperity. I thought the only way for Japan to survive is to consider such unification on a worldwide scale. Since for the time being it is not possible to form a community in Asia similar to the EC, the only path for Japan to take is to have the functions of the GATT strengthened in order to solve various problems and reduce the walls.

As was pointed out by Mr. Takagi, I suppose to a certain degree it is correct that Japanese consumers, labor unions, and the general public should show their indignation against the government or against the management of enterprises. Traditionally, enterprises have been inclined to think they are simply meant to create economic value. The general public also has the same opinion.

However, recently recognition is spreading that enterprises have a multivalue existence which involves the realization of social value, cultural value, and the scientific value to create the properties for the total human being. If we can spread this recognition on a global level, then we will naturally be able to obtain the answer to the problem of coexistence which we have been talking about. Also, it may become unnecessary to simply wait for the government or the Fair Trade Commission to regulate traditional business practices. If enterprises deepen the recognition that they are themselves have a multi-dimensional existence, then it is expected enterprises may change their behavior, with leading companies and sympathizing companies becoming model cases.

Systematized Information From Multidimensional Channels Is Considered Necessary

[Takagi] We have been talking about coexistence. We sincerely expect that coexistent relations will be created between capital and labor. While Japanese enterprises are making investments in foreign countries in various forms, and are carrying out business activities in those countries, certain troubles tend to take place between capital and labor in the United States, in Europe, and even in Asia. The laws governing labor management relations differ by country. For example, U.S. laws are considered very severe. The OECD has set up guidelines for multinational enterprises. The ILO [International Labor Organization] has also set up various rules governing relations between labor and management. We hope that positive support will be given to the campaigns taking place in the countries pursuing the ways for capital and labor to coexist.

In addition, there is my request particularly to Ministry of Foreign Affairs. As the world of labor unions is being related to foreign countries in a considerably multidimensional form, we believe that a little more systematized information obtained through diplomatic channels will help us in many ways in carrying out our activities, although we understand that diplomacy should be carried out through a unified channel.

[Hanabusa] As points of contact with foreign countries have increased remarkably, I think it is a stabilizing factor to obtain information through multidimensional channels. As Japan has to face difficult problems from now on, the role played by the labor unions organized on a company basis may be given a new light through exchange with foreign countries.

At the same time, it is considered very important to have union leaders in the foreign countries understand the labor movement in Japan, though not in the form of international affiliation we talked about before. As it has become very difficult for the government and the diplomatic officials to take control of the international circumstances, it is necessary for us to secure various supplementary activities and learn our lessons from various fields in order to carry out our diplomacy.

[Kasauya] Thank you very much.

New Management Strategy Urged for Enterprises

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[Article by reporter Takashi Ota in industrial affairs section: "Excess Capacity—Companies Urged To Change Managing Strategies"]

[Text] "Because Toshiba Corporation earned 'huge benefits,' other companies hastily invested in plants and equipment, resolving to win the next round of competition." Tadahiko Shinohara—a managing director of Hitachi, Ltd.—recalled with displeasure the investment competition in producing 4-megabit (1 megabit is 1 million bits) DRAM [dynamic random access memory] which ended up in excess supply.

Misjudgment Made in 4-Megabit DRAM Sales Battle

In the semiconductor business, a maker which takes the opening gambit will win in the end. Only the maker that moves ahead of other companies in establishing mass production bases and holds the largest market share will earn huge profits. In the past, NEC Corporation won the battle for sales of 256k DRAM's, and Toshiba did so for the sales of 1-megabit DRAM's.

Although it fell behind other companies in the sales of 256k DRAM's, Toshiba, surmounting stiff competition in the sales of 1-megabit DRAM's, has obtained most of the DRAM market share and is now the front-runner among semiconductor circles. According to Nomura Research Institute, it is said: "The financial statements for the period before and after 1990—when the golden age of 1-megabit DRAM sales arrived—indicates that half of Toshiba's ordinary profits at the time were earned by its semiconductor section."

Prior to entering the 4-megabit DRAM sales battle, Hitachi—which had tolerated sitting in second or third position—was burning with desire to win the competition "this time." Hitachi invested huge funds amounting to 100 billion yen for 4-megabit DRAM production, the construction of which was completed at the end of last year. The plant was ready for full operation.

Of course rival companies such as NEC, Toshiba, and Fujitsu Ltd. did not just sit back and do nothing. From 1989 to 1991, semiconductor circles (the 10 major semiconductor makers) invested a surprising 2.3631 trillion yen in building new plants. As a result, the total number of 4-megabit DRAM's they could produce reached 20 million a month. But actual demand was "less than 4.5 million units per month in the first half of this year," according to a demand forecast by the Ministry of International Trade and Industry. Even if foreign market sales of DRAM's are taken into account, the gap is too wide.

Instead of "huge benefits," what was left was large depreciations. In its financial statement for the first quarter of 1992 Hitachi, apart from ordinary depreciations of approximately 170 billion yen, reckoned a special loss for extraordinary depreciations of about 18 billion yen. The loss was offset by selling about 20 billion yen worth of listed shares of Hitachi Medico, a subsidiary of Hitachi Ltd. Hitachi President Tsutomu Kanai reviews the managing strategy at the time with regret: "Sometimes I wonder why we invested so much in the plant, though it was quite natural at the time. The failure made me look at investments with a cool mind."

"No Long-Term Strategies"

However, semiconductor makers never succumbed to failure in investing in DRAM production because the market share expansion through stiff competition in investing in plants forms the backbone of the Japanese way of managing companies. Fujitsu Chairman Takuma Yamamoto laid it on the line, saying: "Retreat from the market share race means defeat in sales competition. My long experience says that 'to win you have to continue to compete.'" Therefore, he said: "I have no intention of pressing somebody for the failure."

According to Yoshikazu Hanawa, vice president of Nissan Motor Company, Ltd.: "It is impossible to forecast the trend of demand. Companies have no long-term strategies. What they have is countermeasures." Like semiconductor makers, automakers also made a mistake in their demand forecast and invested excessively in plants. But no voice has been heard from them urging a correction in the present managing strategies, which places priority on expanding the market share.

Four automakers—Nissan, Toyota, Mazda, and Daihatsu Motor Corporations—invested funds totaling 400 billion yen in building (or projecting) new plants in the Kyushu and Chugoku areas, some of which have already gone into operation. If all of them go into full operation, the plants will produce 700,000 vehicles a year. However, after the bursting of the bubble economy, the number of new cars registered up to May 1992 has declined for the 13th consecutive month on a year-on-year basis.

Even so, Vice President Hanawa does not lose his optimistic view. He said: "Demand will certainly increase again. I am sure that in a few years we will experience short supplies." A similar view comes from semiconductor circles. Toshiba's Managing Director Hideo Egawa said with a smiling face: "The rainy season of the 4-megabit DRAM market will soon be over. In autumn, the market will enjoy continued fine weather."

Dead Angle of Promising Industries

In fact, behind this optimism lies the strength of Japanese corporations. A belief that "demand will certainly increase again" encourages firms to make investments and ignore the actual market trends. Financing organizations tend to accept such moves. Once the economy recovers, Japanese companies will conquer the world market on the strength of their material superiority over foreign firms.

Even if they incur losses, officials in charge will not be asked to take responsibility immediately. This differs from managing methods in the United States and Europe. Here again optimism expels pessimism, and company officials think "there is still a chance." In fact, such promising industries as auto and electronics makers have promoted their businesses while having such optimistic views.

The question is how they will develop their managing strategies in the future. It is no longer possible that only Japanese companies will win in the world market. They are urged to "coexist with the world." There is also no guarantee that semiconductor and auto makers will keep growing. It is possible that stiff competition in investing in plants and equipment, which leads to excess capacity, will break up the Japanese way of managing companies.

Mongolia

MPRP Central Committee Opens Session

OW1507224892 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1512 GMT 16 Jul 92—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, 15 July (OANA-MONTSAME)—The 4th plenum of the Central Committee of the Mongolian People's Revolutionary Party (MPRP) opened today here. The plenum discusses the question about participation of the party in the recent election to the state Great Hural, nomination of candidature to the post of prime minister of Mongolia and other organizational questions.

Dash-Yondon Discusses MPRP Plenum Agenda

OW1507225392 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1517 GMT 15 Jul 92—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, July 15 (OANA-MONTSAME)—The question about Mongolian prime minister, the country's new parliament leaders will be discussed at the plenum of the Central Committee [CC] of the Mongolian People's Revolutionary Party (MPRP) opened today. This was announced in an interview to the Mongolian television by the chairman of the MPRP CC B. Dash-Yondon in connection with the opening here today of the 4th plenum of the party. According to him at the plenum also the draft food programme, draft laws about food supply of the population, foreign investments in Mongolian economy will be discussed.

As it's planned, the party plenum will be held in July 15-16 in Ulaanbaatar.

MONTSAME Reviews Press for 15 Jul

OW1507235092 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1510 GMT 15 Jul 92—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, 15 July (OANA-MONTSAME)—Mongolian newspapers widely cover the festivities devoted to the 71st anniversary of the People's Revolution and the 830th birth jubilee of Ghengis Khan; newspapers publish information about the military review, traditional Naadam festivities—"the three games of men".

The newspaper "ARDYN ERH" informs about the government meeting, which discussed questions of economic and social life of the country, foreign economic relations. The government has adopted a resolution about realization of the project on exploration of oil and decided to launch a contest among the interested foreign firms and organizations willing to take part in search of oil on the territory of Mongolia. The director of the State Geological Center Z. Bwgas is the head of work on exploration of oil. At the government meeting questions about realization of the programme "man", foundation of a joint auto-assembling enterprise with Czech-Slovakia were discussed. Also question of foundation of a joint enterprise together with South Korean firm on production of window-pane was discussed.

The extraordinary and plenipotentiary ambassador of the Republic of [words indistinct] of cooperation of the two countries and notes that South Korean support and assistance to Mongolia means the support of development of democracy and free market relations. The ambassador speaks about present Mongolia with a plane "boing". [sentence as received]

The paper writes about the late composer G. Daramzagd, about intention to erect a monument to the heroes of the well-known in the country national opera "Amidst the Sad Mountains" by the composer B. Damdinsuren, on the work by the outstanding Mongolian writer D. Natsagdorj.

The trade union nawspaper "HUDULMUR" informs about the outcome of the 15th congress of Mongolian trade unions. As the paper notes, special attention was paid at the congress to the structure and organizational work within trade unions, staff reduction. The paper carries a full text of the report made by the chairman of the Central Council of the Federation of Mongolian Trade Unions Sh. Batbayar, informs about electing G. Adya the president of the Federation of Mongolian Trade Unions.

National TV Signs Agreement With Germany

OW1507235492 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1514 GMT 15 Jul 92—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, 15 July (OANA-MONTSAME)—Soon Mongolian TV viewers will have an opportunity to watch the second programme of the German television ZDF. An agreement on cooperation between the Mongolian television and the ZDF is signed here, according to which the sides will exchange information, entertainment and other programmes. The German side is going to render assistance in training and re-training personnel for the Mongolian National Television.